

**CARRIZO SPRINGS CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**



**Administrative Procedures Manual (APM)
EDGAR Manual**

**Policies and Procedures for the
Fiscal Administration of
Federal Education Awards**

Effective Date: July 1, 2015

Revised July 1, 2021

Adoption/Approval of Manual

I hereby approve and adopt the Carrizo Springs CISD Administrative Procedures Manual.

I understand that the information in this manual is subject to change. I understand that changes in LEA policies may supersede, modify, or render obsolete the information summarized in this manual.

NAME (Printed): Dr. Jose A. Cervantes

TITLE: Superintendent

SIGNATURE: Dr. J. Cervantes

DATE SIGNED: 12-14-2021

NAME (Printed): Wilbur Cruz

TITLE: Board President

SIGNATURE: Wilbur Cruz

DATE SIGNED: 12-14-2021

TABLE OF CONTENTS

Table of Contents

Introduction.....	4
1.0 Organizational Information.....	5
1.1 Business Office and Federal Grant Staff.....	6
2.0 Conflict of Interest and Mandatory Disclosures	9
3.0 Waste, Fraud, and Abuse	10
4.0 Financial Management.....	13
Accounting System	15
Financial Reporting	16
Financial Statement.....	17
General Ledger Transaction (Minimum Data Required)	20
Budgeting and Grant Application Process	27
Budgeting - The Planning Phase: Meetings and Discussions.....	28
Reviewing and Approving the Budget	30
Completing and Submitting the Grant Application	31
After Receiving the NOGA/GAN	35
Amending the Budget and Application	35
Spending Grant Funds.....	37
Direct and Indirect Costs.....	37
Indirect Cost Rate	39
Determination of Allowability of Costs.....	40
Reasonable Costs	42
Allocable Costs.....	42
Cash Advance	51
Payroll Considerations	51
Expenditure Reporting (ER) System.....	53
Timely Obligation of Funds	54
Procurement.....	59
Conflict of Interest Requirements	60
General Procurement Standards.....	60
Competition	63
Geographical Preferences Prohibited.....	63
Prohibition on Certain Telecommunications Companies	64
Competitive Solicitation Requirements	65
Prequalified Lists	65
Procurement Methods.....	65
Solicitation Language.....	77
Contract Cost and Price	77
Procurement of Recovered Materials.....	80
Bonding Requirements.....	80

Multi-year Contracts: TEA Guidance	81
Contract Prohibitions	82
Never Contract with the Enemy.....	82
Purchasing Cooperatives and Interlocal Agreements	86
Construction.....	88
Oversight and Quality Control	96
Purchasing Controls	99
Standards of Conduct Covering Conflicts of Interest.....	102
Property	113
Equipment	118
Property Trust Relationship	125
Equipment or Supplies and Materials Purchased for Equitable Services for Students Enrolled in Private Schools (PNP).....	125
Compensation.....	126
Fringe Benefits.....	129
Record Retention and Access	158
Retention Requirements for Records	158
Self-Monitoring and Audit Resolution.....	162
Audit Requirements	163
Considerations for Disasters or Unexpected Events.....	164
Expenditures for Cancelled Services	165

Introduction

This manual sets forth the policies and procedures used by Carrizo Springs CISD (CSCISD) (referred to as the “LEA” or “District” throughout this manual) to administer Federal education awards. The manual contains the internal controls and grant management standards used by the LEA to ensure that all Federal funds are lawfully expended. The manual describes the LEA’s policies and procedures in relation to financial management standards, cash management, determination of allowable use of funds, time and effort, procurement, property management protocols, travel reimbursement, and record retention.

Although this manual is not all-inclusive and cannot address all situations, it provides general information to assist with administrative grants management procedures.

New employees of the LEA, as well as incumbent employees, are expected to review this manual to gain familiarity and understanding of the LEA’s rules and practices. All LEA personnel with financial and administrative duties, and program-specific fiscal duties, are responsible for the content.

CSCISD implements the following procedures:

1. Review at Summit Leadership with Campus and District Administrators (by review it means: agenda/sign-in sheet/copy for every person attending training)
2. Review with finance office staff
3. Review with campus principals’ secretaries
4. Review with the district’s administrators secretary

This Manual will be posted on the District’s Website under the Business Department webpage.

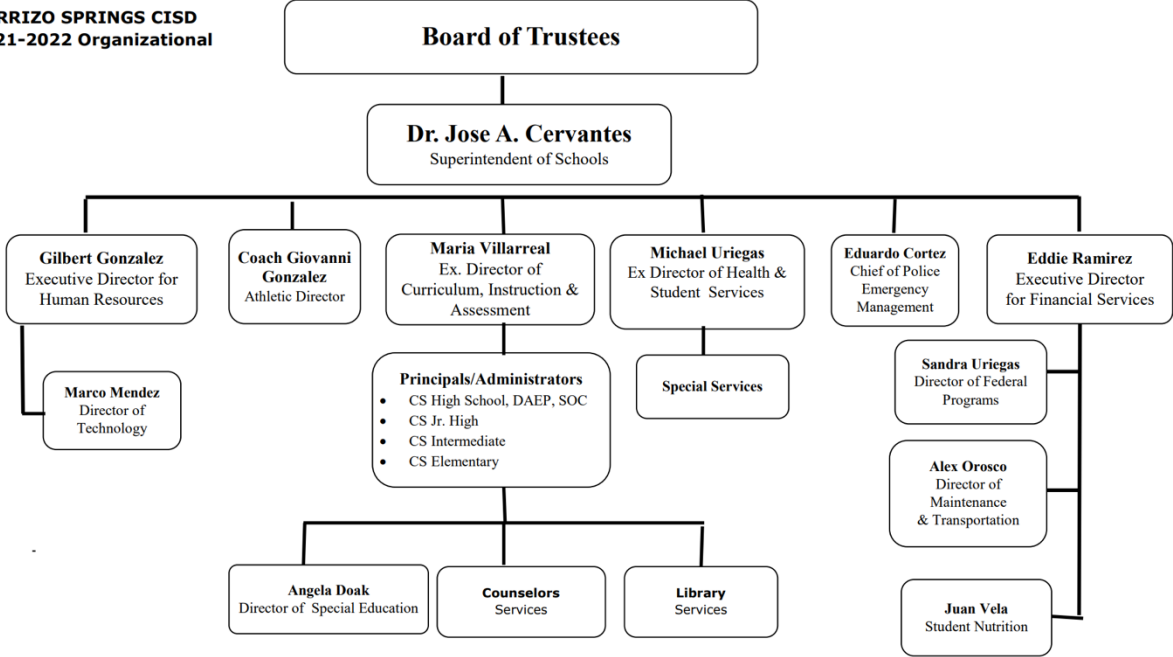
The LEA will review the manual annually and update as needed and notate the effective date of the manual. The LEA will keep previous versions of the manual available for 3 years to ensure the applicable policies and procedures are available for audit purposes. Executive Director of Finance is responsible for this task.

Approval/Adoption of Manual:

According to local policy, the policies and procedures described in this manual are subject to approval by the Superintendent. The policy will be submitted for approval and adoption by the Board of Trustees and/or the chief administrative officer (Superintendent/Executive Officer).

1.0 Organizational Information

CARRIZO SPRINGS CISD
2021-2022 Organizational



1.1 Business Office and Federal Grant Staff

Dr. Jose Cervantes
Superintendent

Eddie Ramirez
Executive Director of Financial Services

Luis Gomez
Accountant

Sandra Uriegas
Federal Programs Director

Debra Alaniz-Gonzalez
Federal Programs Coordinator

Mori Martinez
Payroll Clerk

Diana Chavarria
Accounts Payroll/Inventory Clerk

Esperanza Garcia
PEIMS Coordinator

Business Office Phone: 830-876-3503 ext. 1107

Federal Programs Office Phone: 830-876-3503 ext. 1202

Departments

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 an area of compliance within this Manual.

Finance Department

- Assisting the Federal Programs staff with budgeting grants funds. Preparing and posting the initial budget and all amendments to the general ledger.
- Assisting the Human Resources, Payroll and Federal Programs department 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 Grant Manager's reconciliation of the time and effort reports, as appropriate if adjustments are necessary
- 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)
- 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

Human Resources Department

- Assisting the Federal Programs staff with the recruitment and hiring of all grant-funded staff
- Ensuring that all grant-funded staff meet the Highly Qualified Staff federal 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 qualified and/or certification reports as required by ESSA
- Maintaining audit-ready HR employee files for financial audit or single audit purposes, as appropriate
- Assisting the Federal Programs staff 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

Federal Programs/Special Programs Department [the role of Grant Manager will be assigned to the Federal Programs Director, unless otherwise noted)

- 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 finance department to facilitate budget amendments.
- Assisting the Human Resources/Payroll department 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 finance department
- 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/Payroll department regarding the number and type of grant-funded positions approved in the grant application by the granting authority
- Verifying with the HR department that all grant-funded staff meet the Highly Qualified Staff federal guidelines, as appropriate (And, all state certification requirements)
- Verifying with the HR 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 HR department that the Highly Qualified Staff Annual Report and conducting the required public notice or hearing, as appropriate
- Assisting the HR department with determining the position title, Role ID and other salary information for use in completing the grant application

Payroll Department

- Maintaining audit-ready payroll employee files for financial audit or single audit purposes, as appropriate
- Assisting the Federal Programs Director 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

- Assisting the Human Resources & Grants departments with determining the payroll distribution code(s) for all grant-funded staff
- Receive and review Time and Effort documentation to compare to payroll distribution records.

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.

2.0 Conflict of Interest and Mandatory Disclosures

Conflict of Interest [2 CFR §200.112](#)

Requirement:

The LEA must disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through entity (TEA) in accordance with applicable Federal awarding agency policy.

Implementation:

Federal grant funds are to be expended for the benefit of the population that the Federal grant program serves. Conflicts of interest can arise when Federal grant funds appear to be expended for the primary benefit of some other party.

The LEA's Conflict of Interest policy will align with the USDE's Conflict of Interest policy once it has been released.

The LEA will complete and submit the "[Potential Conflict of Interest Disclosure](#)" form obtained from TEA's "[Forms for Prior Approval, Disclosure, and Justification](#)" webpage to disclose any **potential** conflict of interest concerning the expenditure of Federal grant funds.

The Office of Executive Director is responsible for submitting the form to TEA.

Please see the Standards of Conduct Covering Conflicts of Interest section of this manual for additional information.

Mandatory Disclosures

[2 CFR §200.113](#)

Requirement:

The LEA must disclose, in a timely manner, in writing to the Federal awarding agency or pass-through entity (TEA) all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award.

Non-Federal entities that have received a Federal award including the term and condition outlined in [Appendix II](#) to 2 CFR Part 200 are required to report certain civil, criminal, or administrative proceedings to [SAM](#) (currently [FAPIS](#)).

Failure to make required disclosures can result in any of the remedies described in [2 CFR §200.339](#).

Implementation:

The LEA will complete and submit the “[Mandatory Disclosure: Violation of Federal Criminal Law](#)” form obtained from TEA’s “[Forms for Prior Approval, Disclosure, and Justification](#)” webpage to disclose any violation of Federal criminal law **potentially** affecting the Federal award.

The Executive Director of Financial Services is responsible for submitting the form to TEA.

3.0 Waste, Fraud, and Abuse

The District prohibits fraud and financial impropriety, as defined below, in the actions of its Trustees, employees, vendors, contractors, agents, consultants, volunteers, and others seeking or maintaining a business relationship with the District. Fraud and financial impropriety shall include but not be limited to:

1. Forgery or unauthorized alteration of any document or account belonging to the District.
2. Forgery or unauthorized alteration of a check, bank draft, or any other financial document.
3. Misappropriation of funds, securities, supplies, or other District assets, including employee time.
4. Impropriety in the handling of money or reporting of District financial transactions.
5. Profiteering as a result of insider knowledge of District information or activities.
6. Unauthorized disclosure of confidential or proprietary information to outside parties.

7. Unauthorized disclosure of investment activities engaged in or contemplated by the District.
8. Accepting or seeking anything of material value from contractors, vendors, or other persons providing services or materials to the District, except as otherwise permitted by law or District policy. [See CB, DBD]
9. Inappropriately destroying, removing, or using records, furniture, fixtures, or equipment.
10. Failure to provide financial records required by federal, state, or local entities.
11. Failure to disclose conflicts of interest as required by law or District policy.
12. Any other dishonest act regarding the finances of the District.
13. Failure to comply with requirements imposed by law, the awarding agency, or a pass-through entity for state and federal awards.

Each employee who supervises or prepares District financial reports or transactions shall set an example of honest and ethical behavior and shall actively monitor his or her area of responsibility for fraud and financial impropriety.

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

Requirement:

The LEA prohibits fraud and financial impropriety, as defined below, in the actions of its trustees, employees, vendors, contractors, consultants, volunteers and others seeking to maintain a business relationship with the LEA. These persons shall not seek a financial or other advantage, either personally or for the LEA, through bribery, fraud, kickbacks, misapplication of funds, malfeasance, gross mismanagement, or other criminal activities. These persons shall not offer, promise, give, request, agree to receive or accept a bribe for any purpose. Excessive or lavish gifts or hospitality in relation to business transactions or arrangements with granting agencies, contractors, vendors or other parties to contracts might constitute bribery.

Please see the Procurement section, Standards of Conduct Covering Conflicts of Interest section, of this manual for the LEA's definition of nominal vs excessive gifts.

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

relationship, on the basis of a reasonable belief that the practice is in violation of law or clear mandate of public policy.

Implementation:

The LEA has internal controls in place to help prevent and mitigate incidents of fraud, waste, and abuse. The district requires multiple approvers for federal grant expenditures using the requisition and purchase order process to ensure expenditures are reasonable and necessary.

Reporting Fraud or Financial Impropriety

Employees or other persons who become aware of fraud or financial impropriety must report incidents as soon as possible to the district's Business Office.

An Incident Report should be completed by the Complainant and should include the following information, if applicable or known: (1) Date of Report; (2) Type of funds, such as federal, state, local; (3) Grant Number; (4) Location of incident; (5) Date and time of incident; (6) Source of complaint (employee, vendor, etc.); (7) Description in detail of infraction.

Link for reporting fraud or financial impropriety:

<https://drive.google.com/file/d/1ydbTt5pPhAC8JtD4pfXIPpLdfC-MOyEY/view>

Investigating Reports of Fraud or Financial Impropriety- Board Policy CAA(Local)

The LEA will take appropriate action to investigate incidents of fraud, malfeasance, misapplication of funds, gross mismanagement, or other criminal activities in all forms, which may be prosecutable.

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

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

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

impropriety, the District shall take appropriate action, which may include cancellation of the District's relationship with the contractor or vendor.

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

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

The Executive Director of Financial Services will appropriately investigate, record, and report all suspected instances of fraud or financial impropriety to the Superintendent's office, including the initial Incident Report, as well as a report indicating actions taken. If necessary, the appropriate investigative agency or law enforcement will be notified. Depending on the results of the investigation, the LEA will take appropriate action, including disciplinary actions for violations of the LEA's Code of Conduct. Appeals related to the conclusion of an investigation or disciplinary action resulting from an investigation should be made in writing to the Executive Director of Financial Services.

Disclosure

The District shall disclose, in a timely manner in writing to the federal awarding agency or pass-through entity, all violations of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting a federal grant award. [See CBB] After any investigation substantiates a report of fraud or financial impropriety, the Superintendent or designee shall analyze conditions or factors that may have contributed to the fraudulent or improper activity. The Superintendent or designee shall ensure that appropriate administrative procedures are developed and implemented to prevent future misconduct. These measures shall be presented to the Board for review.

4.0 Financial Management

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

The LEA's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. [2 CFR §200.302\(a\)](#)

4.1 Financial Management Standards

The LEA maintains a financial management system that meets the Federal standards outlined in the Uniform Guidance [2 CFR §200.302](#). The required standards include:

4.1a Identification [2 CFR §200.302\(b\)\(1\)](#)

Requirement:

The District must identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification must include, as applicable, the Assistance Listings* title and number, Federal award identification number and year, name of the Federal agency, and, if applicable, name of the pass-through entity [e.g., Texas Education Agency (TEA)], if any.

**Assistance Listings refers to the publicly available listing of Federal assistance programs managed and administered by the General Services Administration, formerly known as the Catalog of Federal Domestic Assistance (CFDA). The Assistance Listing Number is the unique number assigned to identify the program, formerly known as the CFDA Number. The Assistance Listing Program Title means the title that corresponds to the Federal Assistance Listings Number, formerly known as the CFDA Program Title.*

List of federal grants include the following:

1. Every Student Succeeds Act(ESSA) -Consolidated Grants:
 - a. Title I, Part A
 - b. Title I, Part C
 - c. Title II
 - d. Title III
 - e. Title IV
2. Title V, Part B Rural and Low-Income School Program

3. Texas COVID Learning Acceleration Supports (TCLAS)
4. Perkins V: Strengthening Career & Technical Education for the 21st Century
5. Special Education Consolidated Grant
6. ESSER I Federal Grant
7. CRRSA ESSER II Federal Grant
8. ARP ESSER II Federal Grant
9. eRate

Accounting System

Board Policy CFA (Legal)

The Carrizo Springs CISD board must adopt and install a standard school fiscal accounting system that conforms with generally accepted accounting principles. The accounting system must meet at least the minimum requirements prescribed by the commissioner of education, subject to review and comment by the state auditor. Education Code 44.007(a), (b) The rules for financial accounting are described in the official Texas Education Agency (TEA) publication, Financial Accountability System Resource Guide. 19 TAC 109.1, .41

Identification of All Federal Awards

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

Federal funds are identified within the accounting system using the following fund codes assigned to each federal grant:

Name of Grant	Fund Code
ESSA-Title I, Part A	211
ESSA-Title I, Part C	212
ESSA-Title II	255
ESSA-Title III	263
ESSA-Title IV	289
Rural Low Income Schools	270
Special Education-IDEA-B Formula	224
Special Education-IDEA-B Preschool	225
ESSER I	266
ESSER II	281
ESSER III	282
TCLAS	279

Financial Reporting

[2 CFR §200.302\(b\)\(2\)](#)

Reports of Revenues and Expenditures

A record must be kept of all revenues realized and of all expenditures made during the fiscal year for which a budget is adopted. A report of the revenues and expenditures for the preceding fiscal year shall be filed with TEA on or before the date set by the State Board of Education. Education Code 44.007(c), (d)

Requirement:

Accurate, current, and complete disclosure of the financial results of each Federal award or program must be made in accordance with the reporting requirements set forth in [2 CFR §200.328](#) and [2 CFR §200.329](#), and in accordance with the terms and conditions of the Federal award.

Implementation:

The LEA will comply with any reporting requirements established by TEA and submit the reports in the timeline and format requested by TEA. This includes any required activity/progress reports and evaluation reports, if applicable.

If the LEA hires a contracted evaluator, the LEA makes every effort to ensure the evaluator is independent and objective.

A record must be kept of all revenues realized and of all expenditures made during the fiscal year for which a budget is adopted. A report of the revenues and expenditures for the preceding fiscal year shall be filed with TEA on or before the date set by the State Board of Education. Education Code 44.007(c), (d)

Financial Statement

Board Policy CFA (Legal)-P

The district shall prepare an annual financial statement showing for each fund subject to the board's authority during the fiscal year:

1. The total receipts of the fund, itemized by source of revenue, including taxes, assessments, service charges, grants of state money, gifts, or other general sources from which funds are derived;
2. The total disbursements of the fund, itemized by the nature of the expenditure; and
3. The balance in the fund at the close of the fiscal year. Local Gov't Code 140.005

The district shall submit the annual financial statement to a daily, weekly, or biweekly newspaper published within the boundaries of the district. If a daily, weekly, or biweekly newspaper is not published within the boundaries of the district, the financial statement shall be published in a newspaper in each county in which the district or any part of the district is located.

If a district is located in more than one county, the financial statement may be published in a newspaper that has general circulation in the district. If a newspaper is not published in the county, the financial statement may be published in a newspaper in an adjoining county. The statement shall be published in accordance with the accounting method required by TEA not later than the 150th day after the date the fiscal year ends. Local Gov't Code 140.006

Financial Management Reporting

The Federal Programs Department is responsible for reviewing the reporting requirements for each grant and determining how and when reports will be submitted as required.

Each district is required to report information and financial accountability ratings to parents, taxpayers, and other stakeholders by implementing the reporting procedures below. 19 TAC 109.1001(q)

Each district must prepare and distribute an annual financial management report in accordance with 19 Administrative Code 109.1001(q). 19 TAC 109.1001(q)(1)

The annual financial management report for a district will include:

A description of the district's financial management performance based on a comparison, provided by TEA, of its performance on the indicators established by the commissioner and reflected in 19 Administrative Code 109.1001. The report will contain information that discloses:

- a. State-established standards; and
- b. The district's financial management performance under each indicator for the current and previous year's financial accountability ratings [see CFC]

The Business Office is responsible for compiling timely and accurate financial reports, activity reports, and evaluation reports. The Executive Director of Financial Services reviews and approves the reports.

Accounting Records

[2 CFR §200.302\(b\)\(3\)](#)

Requirement:

The LEA must maintain records that adequately identify the source and application of funds for Federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, financial obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation (i.e., purchase orders/requisitions, invoices, receipts, travel vouchers, time and effort reports, employee payroll records, etc.).

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

TEA's Accounting Requirements

The LEA must comply with the accounting requirements in the Financial Accounting and Reporting (FAR) module of the [Financial Accountability System Resource Guide \(FASRG\)](#).

Local Option Codes are used at the discretion of the LEA for any purpose the LEA chooses. The LEA must:

- Keep a chart of locally assigned accounts;
- Use the locally assigned accounts uniformly in the accounting system throughout the fiscal year and must not change the locally assigned accounts during any fiscal year;
- Make the chart of accounts available for managerial, auditing, and other purposes; and
- Retain the chart of accounts for audit purposes for at least five years after any changes are made to the chart

TEA's Requirement for General Ledger:

For each account code used for grant expenditures, the detailed general ledger should include the following:

- Budgeted expenditures
- Encumbrances
- Actual expenditures

Specifically, the detailed general should also include the following information for each recorded transaction:

- The reference number (e.g., check number, PO number, or journal voucher number)
- Transaction date
- Vendor name
- Transaction description
- FASRG account codes
- Commodity codes (i.e., codes to calculate aggregate costs)
- Amount encumbered or obligated
- Amount paid or unencumbered

TEA's Requirement for Payroll Journals:

The payroll journal should include the following information for each recorded transaction for each grant-funded employee:

- Employee first and last name, and identification number
- Gross salary and other income, deductions, and net earnings
- Pay period, check date, and check number
- Fund code to which the payroll costs were charged

The district utilizes Skyward for financial accounting records requirements. The Skyward system interfaces with the procurement and inventory systems. This financial accounting system-software application has the ability to accommodate the minimum 15-digit account code mandated by FASRG, generate information needed for Public Education Information Management System (PEIMS) reporting, and ensures adequate accountability of state and federal funds.

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

The financial management system contains 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.

Assets: refers to cash, investments, and inventories.

Liabilities: refers to bills or financial obligations.

Revenues: refers to income received in the form of taxes, grants, or other state, local, or federal funding sources.

Expenses: cost of operations or financial obligations.

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

- Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or a lease accounted for as a financed purchase under Government Accounting Standards Board (GASB) standards or a finance lease under Financial Accounting Standards Board (FASB) standards; and
- Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance). 2 CFR § 200.1

General Ledger Transaction (Minimum Data Required)

All general ledger financial transactions shall require the following minimum data:

- **Date of the general ledger transaction** – the date of the transaction should be within the posting month and within the posting fiscal year.
- **Account code(s)** – the proper account code shall be used for all transactions
- **Journal [transaction] number** – the number assigned should be manually or automatically assigned in a sequential order. A log of the journal numbers utilized each fiscal year should be available in a manual or automated form. Automated, system-generated general ledger entries shall be easily distinguished from manual general ledger entries.
- **The credit and debit amounts**– the total debits must match the total credits
- **Reason for the general ledger transaction** – the reason should explain the reason for the transaction such as cash receipt number, adjustment to budget/expense, etc.
- **Supporting document** – supporting documentation, if any, shall be attached to the journal entry form for audit tracking purposes
- **Signature or initials, as appropriate**
 - Signature or initials of the appropriate approval(s)
 - Signature or initials of the individual posting the transaction.

All general ledger payroll transactions shall require the following minimum data:

- **Check date** – the system-generated general ledger transaction should reflect the check date as part of the journal entry number
- **Account code(s)** – the account codes charged for all payroll disbursements, including liability accounts, should exist in the general ledger prior to posting the system-generated journal entries. [Note: During the payroll posting process, the payroll department must print and verify that all payroll accounts exist on the general ledger. If accounts do not exist on the general ledger, the accounts should be verified for accuracy and if accurate, the list of account codes must be submitted to the Executive Director of Financial Services to ensure that the appropriate accounts are created in the finance system.

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

The Accounts Payable staff are responsible for data entry and the Accountant and Executive Director of Financial Services provides oversight and review.

The Accountant is responsible for maintaining accounting records, including original source documentation to support all expenditures recorded in the general ledger. The source documentation is stored in the file cabinets in the Business Office and within the Skyward system. Electronic source documentation is maintained and is retrieved with an assigned username and password. Documentation is retrievable and readable with an active username and password.

The Business Office staff review the FASRG requirements regularly and implements the accounting requirements. The Accountant ensures new account codes initiated by TEA are included in the financial management and accounting system.

The Business Office staff are responsible to determine locally defined ledger account codes to further identify and distinguish revenue or expenditures for which more detailed information is needed, beyond the required account codes.

The Federal Programs Director identifies Federal programs with required set-asides or reservations in which local option codes are needed to appropriately track expenditures tied to the set-asides or reservations. Federal Programs staff monitors the expenditures to ensure the required amount was expended.

State Programs – Allotments

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 (after HB3) percentages and program intent code (PIC) are noted below by program:

▪ Gifted and Talented Education	0%	PIC 21*
▪ Career & Technical Education	55%	PIC 22
▪ Special Education	55%	PIC 23
▪ State Compensatory Education (SCE)	55%	PIC 24-30 (except 25& 27)
▪ Bilingual/ESL Education	55%	PIC 25
▪ High School Allotment	0%	PIC 31**
▪ Early Education Allotment	100%	PIC 36
▪ Dyslexia Allotment	100%	PIC 37
▪ CCMR Outcomes Bonus	55%	PIC 38

*PIC 21 is not a state-funded program as of HB 3 (2019), but should continue to be used to classify GT related expenses.

**PIC 31 was discontinued with HB 3 (2019), but residual funds (if any) should continue to be coded to PIC 31 until 100% of the High School Allotment has been expended.

Internal Controls

[2 CFR §200.302\(b\)\(4\)](#)

Requirement:

The LEA must maintain effective control over, and accountability for, **all** funds, property, and other assets. The LEA must adequately safeguard **all assets** and assure that they are used solely for authorized purposes.

“Internal controls” are processes help program and financial managers achieve results and safeguard the integrity of their program. As described in [2 CFR §200.1](#), internal controls are processes designed and implemented by non-Federal entities 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

According to [2 CFR §200.303](#), the LEA must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the LEA is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States (a.k.a. the “[Green Book](#)”) or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission ([COSO](#)).

Additionally, the LEA must:

- Comply with the U.S. Constitution, Federal statutes, regulations, and the terms and conditions of the Federal awards
- Evaluate and monitor the LEA’s compliance with statutes, regulations, and the terms and conditions of Federal awards
- Take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings
- Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity (TEA) designates as sensitive or the LEA considers sensitive consistent with applicable Federal, State, and local laws regarding privacy and responsibility over confidentiality.

Implementation:

At the District level, managing State and Federal Grants shall be a collaborative process between the Finance (Accounting, Budgeting, Purchasing, Payroll, etc.), Human Resources and Federal Programs Office. Grant Management Departments. Each respective department shall be responsible for their duties and responsibilities as they relate to the management of state and/or federal grants. The duties of each department are listed below in general terms. Additional, specific duties and responsibilities may be listed within an area of compliance within this Manual.

Finance Department

- Assisting the Federal Programs staff with budgeting grants funds. Preparing and posting the initial budget and all amendments to the general ledger.
- Assisting the Human Resources department 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 Grant Manager'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 Human Resources Department
- Assisting the Federal Programs staff with grant-funded staff
- Ensuring that all grant-funded staff meet the Staff federal 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)
- Conducting the required public notice or hearing, as appropriate
- Maintaining audit-ready HR employee files for financial audit or single audit purposes, as appropriate
- Developing and maintaining all salary schedules to ensure consistency between local and nonlocal pay rates (Includes base salaries, stipends and extra-duty rates of pay)
- Assisting the Federal Programs staff 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 per record retention schedule and for audit purposes

Grant Management or Special Program 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 finance department to facilitate budget amendments.
- The Human Resources department will determine 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 finance department

- 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 grant records for the required length of time (5 years) for audit purposes
- Providing information to the Human Resources/ Finance Department regarding the number and type of grant-funded positions approved in the grant application by the granting authority
- Verifying that the HR 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)
- Assisting the HR department 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.

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. The Business Office and the Executive Director of Financial Services reviews audit findings and implements corrective actions.

17 Principles That Support the Components of the Internal Control System

These principles provide additional guidance and clarification for evaluating the development and implementation of each component of the Internal Control System.

COMPONENTS	PRINCIPLES
Control Environment	<ol style="list-style-type: none"> 1. The oversight body and management should demonstrate a commitment to integrity and ethical values. 2. The oversight body should oversee the entity’s internal control system. 3. Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity’s objectives. 4. Management should demonstrate a commitment to recruit, develop, and retain competent individuals. 5. Management should evaluate performance and hold individuals accountable for their internal control responsibilities.

SOURCE: GAO | GAO-14-704G

Risk Assessment	<p>6. Management should define objectives clearly to enable the identification of risks and define risk tolerances.</p> <p>7. Management should identify, analyze, and respond to risks related to achieving the defined objectives.</p> <p>8. Management should consider the potential for fraud when identifying, analyzing, and responding to risks.</p> <p>9. Management should identify, analyze, and respond to significant changes that could impact the internal control system.</p>
Control Activities	<p>10. Management should design control activities to achieve objectives and respond to risks.</p> <p>11. Management should design the entity’s information system and related control activities to achieve objectives and respond to risks.</p> <p>12. Management should implement control activities through policies.</p>
Information and Communication	<p>13. Management should use quality information to achieve the entity’s objectives.</p> <p>14. Management should internally communicate the necessary quality information to achieve the entity’s objectives.</p> <p>15. Management should externally communicate the necessary quality information to achieve the entity’s objectives.</p>
Monitoring	<p>16. Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.</p> <p>17. Management should remediate identified internal control deficiencies on a timely basis.</p>

Budget Control

[2 CFR §200.302\(b\)\(5\)](#)

Requirement:

The budget for each federal award is recorded in the general ledger in accordance with FAR using the designated 3-digit fund code. Obligations/encumbrances and expenditures are also recorded in the general ledger for each federal award. On a regular basis, the District compares actual *expenditures* or outlays with *budgeted* amounts for each federal award.

Implementation:

Please see the Budgeting and Grant Application Process section of this manual for the LEA’s procedures for monitoring expenditures.

Cash Management

Requirement:

The District maintains written procedures to implement the cash management requirements of [2 CFR §200.305](#).

Implementation:

Please see the Federal Cash Management section of this manual for the LEA's cash management procedures.

Allowable Costs

[2 CFR §200.302\(b\)\(7\)](#)

Requirement:

The LEA must maintain written procedures for determining allowability of costs in accordance with [2 CFR Part 200 Subpart E Cost Principles](#), and the terms and conditions of the Federal award and EDGAR.

Implementation:

Please see the Determination of Allowability of Costs section of this manual for the LEA's procedures.

Budgeting and Grant Application Process

Budget Planning

Requirement:

Federal grant programs are unique and have different program and fiscal requirements. Therefore, specific program budgets are prepared for each grant. The grant budget is based on how the grant funds can best aid in the implementation of the program plan. The LEA will take into consideration the statutory and regulatory requirements that affect how grant funds can be used.

If the grant program has a "Supplement, Not Supplant (SNS)" requirement, the entire funding picture for the program is examined to ensure that grant funds are not being used to supplant other fund sources, as applicable to the specific grant's SNS requirements.

If grant-specific requirements stipulate certain types of expenditures that must be tracked, such as set-asides or reservations, the LEA must designate a method for tracking such expenditures, such as the use of local option codes within the accounting code structure.

If a grant program has a provision for carryover of unused funds, in most cases, the LEA should plan for expenditures of funds to occur within the original grant period and use the carryover period to expend remaining funds due to unforeseen circumstances.

Budgeting - The Planning Phase: Meetings and Discussions

Before Developing the Grant Budget and Submitting the Application: The grant budget must be based on the proposed activities planned and described in the grant application. Prior to developing the budget, the program manager must know the intent of the federal program and the activities that are allowable to be conducted with grant funds. The Federal Programs Director must coordinate with other District staff as appropriate to conduct the appropriate needs analysis using the appropriate data to determine the goals and objectives for the program and the activities that will be implemented to accomplish the goals and objectives. Once the goals, objectives, strategies, and activities are outlined, then the budget to carry out the identified strategies and activities should be developed.

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

If the grant program will be implemented on a Title I schoolwide campus, the planned activities and expenditures must be identified in the schoolwide plan. Conducting activities and expending funds that are not included in the schoolwide plan could result in an audit exception or monitoring finding for the District. Therefore, the program manager is responsible for coordinating with the Federal Programs Director and for ensuring the activities and anticipated expenditures are described in the schoolwide plan.

Examples of sources used to develop budgets include:

- Historical data based on the actual budget and final expenditures from the previous grant year
- Campus Improvement Plan (CIP)

- Needs Assessment; Comprehensive Needs Assessment (CNA)
- District Improvement Plan (DIP)
- Staffing Needs
- Grant Requirements

Public Notification Prior to Submittal of the Grant Application

Requirement:

In accordance with the General Education Provisions Act (GEPA), the LEA will provide reasonable opportunities for the participation by teachers, parents, and other interested agencies, organizations, and individuals in the planning for and operation of each program. Any application, evaluation, periodic program plan or report relating to each program will be made readily available to parents and other members of the general public. [20 USC 1232\(e\)\(5-6\)](#); TEA’s [General Provisions and Assurances](#).

The Public Notice Requirement is applicable to **all** Federal education grants and should be provided prior to submittal of the grant application.

Furthermore, [34 CFR §76.304](#) requires that a subgrantee shall make any application, evaluation, periodic program plan, or report relating to each program available for public inspection.

Implementation:

The LEA will review the program guidelines, guidance, and terms and conditions of the specific grant to determine:

- Whether public **notice** made available before the LEA submits its application, plan, evaluation, or report to TEA is sufficient in meeting the Public Notification requirement, or
- Whether the LEA must also provide an opportunity for public **comment** on the LEA’s proposed use of grant funds and give consideration to the comments
- The required stakeholders who should be given an opportunity to provide input into the development of the plan for use of funds, based on the specific grant’s requirements

The LEA provides the plan in an understandable and uniform format, to the extent practicable, written in a language that parents can understand, or if not practicable, orally translated, or provided in an alternative format accessible to the parent, upon request.

The LEA consistently follows its local policy on providing public notice and providing public comment, when applicable. Please review the LEA's local policy available at: [https://pol.tasb.org/Policy/Download/404?filename=GC\(LEGAL\).pdf](https://pol.tasb.org/Policy/Download/404?filename=GC(LEGAL).pdf) The District follows its local translation policy when making applications, plans, evaluations, and reports available to the public. Please review the LEA's local translation policy available at: <https://carrizo.esc11.net/site/handlers/filedownload.ashx?moduleinstanceid=1264&dataid=1752&FileName=CSCISD%20Translation%20Procedures%201.pdf>

The Federal Programs Department is responsible for determining the public notice/comments requirements for each specific grant. The Federal Programs Director is responsible for initiating the process used for public notification, and when applicable, public comment.

The District will make available upon request the actual draft grant application, or will provide a summary of the planned use of funds. The district will summarize the Federal program with an estimated allocation and a general description of how the funds will be spent and post a statement that the draft application is available for review upon request or will post on the district's website.

Reviewing and Approving the Budget

Requirement:

The District has internal controls in place to ensure segregation of duties in relation to budget planning and approval.

Implementation:

The Business Office will review the items in the budget to ensure allowability. Refer to the Determination of Allowability of Costs section of this manual for a description of those procedures. If the Business Office determines that a cost is not allowable, then the request is returned to the requestor. The Business Office will notify the program office or requestor about the unallowability of the expense and request a change be made for the expense. The budget will not be approved and sent to specific staff to be amended prior to seeking final approval again.

Once the Business Office determines that all budgeted items are allowable, the budget is sent to the Executive Director of Financial Services and the Superintendent for final review and approval. Generally, the budget receives final approval by [insert timeframe].

Once the budget is approved it moves to the Accountant who will load the budget into the online accounting system. The Executive Director of Financial Services and the Accountant will ensure the budgeted amounts match the allocations.

Completing and Submitting the Grant Application

Requirement:

Grant writing (completing and submitting the grant application) is not an allowable expenditure with federal grant funds. [2 CFR §200.460](#) describes proposal costs as the costs of preparing bids, proposals, or applications on potential Federal and non-Federal awards or projects, including the development of data necessary to support the non-Federal entity's bids or proposals. Whereas 2 CFR §200.460 indicates that proposal costs should be treated as indirect costs, the **USDE guidance is more restrictive and deems the cost unallowable with federal funds.**

TEA's grant application contains sections or schedules that must be completed for the applicant to be eligible for grant funding. All grant applications must include any requested attachments, in addition to contact information, program forms, budget forms, and provisions, assurances, and certifications.

All the legal provisions and assurances that apply to the grant program are identified with the Provisions, Assurances, and Certifications applicable to the grant.

The General and Fiscal Guidelines apply to all grants administered by TEA and describe the application process and submission procedures and provide general directions regarding the process to be used for distribution and management of grant funds.

The General Provisions and Assurances apply to all applicants for all grants administered by TEA and include a summary of the terms of the subaward between TEA and the subgrantee and a list that includes, but is not limited to, the Federal rules, laws, and regulations that apply to all State and Federal programs.

The Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion is a set of provisions and assurances applicable to all applicants for Federally funded programs, regardless of the dollar amount of the award. The regulations in [2 CFR §200.214](#) restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities. By certifying and submitting the grants application to TEA, the applicant certifies that neither it nor its authorized officials are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in the transaction by any Federal department or agency.

The Lobbying Certification applies to Federal grants in excess of \$100,000 or in which a subcontract to another organization exceeds \$100,000. Disclosure of lobbying activities is required

for Federally funded grants in excess of \$100,000 when the organization pays or agrees to pay a lobbying entity to influence or attempt to influence a member of Congress, its employees, or a Federal agency employee. If applicable, the disclosure must be submitted with the initial grant application and at the end of each calendar quarter after a material change occurs, as described in the application instructions. Any organization that fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

The Program Guidelines provide information about the specific grant program, including the purpose of the grant, eligibility criteria, program description, statutory and TEA program requirements, any specific application review criteria, and critical dates. The Program Guidelines also contain specific information regarding the allowability of certain types of costs as related to the specific grant program. Items requiring specific approval through the grant application, or a required attachment to the application, must be included in the application and approved. Expending funds for these items without including them in the grant application and receiving approval is unallowable and will result in questioned costs.

The Program-Specific Provisions and Assurances are applicable to the specific grant program identified. The grant application must be certified and submitted by an individual who has been authorized to enter the organization into a legally binding contractual agreement. The “Authorized Official” is the individual who will represent the applicant in the event any legal disputes arise. This person is usually the superintendent or executive director.

By certifying and submitting the grant application, the authorized official indicates that the subgrantee has read and agrees to comply with all the terms outlined in the applicable schedules, including the General and Fiscal Guidelines, General Provisions and Assurances, Program Guidelines, Program Specific Provisions and Assurances, and certifications applicable to the grant.

In accordance with TEA’s [General and Fiscal Guidelines](#), in order to ensure compliance with required accounting procedures, LEA staff who submit grant applications are strongly encouraged to consult with their business office about assignment of budgeted items to the proper class/object codes before completing and submitting the grant application. Advance coordination with the business office may help expedite negotiation and processing of the application and may assist in avoiding or minimizing audit exceptions.

All fiscal and programmatic documentation must be maintained locally and be available to provide to TEA or auditors upon request.

The grant application, after being approved by TEA, is considered effective on the date the application was received by TEA in substantially approvable form, unless the submittal occurred prior to the begin date of the grant, in which case the effective date is the begin date of the grant. All applications are subject to negotiation.

Implementation:

The district may be eligible to apply for “entitlement” or “competitive” federal grant funds. Federal entitlement grant funds include, but are not limited to, No Child Left Behind (NCLB), 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: <http://tea.texas.gov/index4.aspx?id=5040>. The appropriate Grant Manager 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: <http://tea.texas.gov/index2.aspx?id=2147487872>. The Grant Manager 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 web page provides a wealth of information related to available grants such as: <https://tea4avalonzo.tea.state.tx.us/GrantOpportunities/forms/GrantProgramSearch.aspx>

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. The school district has a grant application process for federal grants. 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 a grant application shall be the Federal Programs Director. The Federal Programs Director 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 Federal Programs Director shall obtain pre-approval for the following activities which have been identified by the granting agency or pass-through entity (TEA);

- Student field trips
- Hosting conferences
- Out-of-state travel

Grants that require matching or in-kind district contributions shall be evaluated for overall impact on the current and future district's 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. [NOTE: TEA allows federal grant expenditures from the grant application "stamp-in date"; however, expenditures that require TEA's specific approval and not approved until the NOGA is issued.]

The budget planning process will align with the information entered into the application and will align with the actual completion and submittal of the grant application.

The offices of Special Education, CTE and Federal Programs ensure the grant application deadlines are met as per respective grant.

The offices of Federal Program, Special Education and CTE collaborated on providing input on the SC5003. The Federal Programs Director completes the SC5003 and the Superintendent certifies and submits.

Each respective office (Directors) - Special Education, CTE and Federal Programs are involved in completing their application and saving. Directors meet as a team to work on the SC5003.

Once Applications have been completed, the Director will make a copy and send it to Supervisor and Superintendent for further review. Once reviewed, the Supervisor and Superintendent will meet with the Director of Special Education, CTE and/or Federal Programs to further review. Once reviewed the Superintendent will certify and submit the application.

The Federal Programs Director will ensure understanding and compliance is met for the various provisions and assurances and program guidelines applicable to the specific grant. The documentation to support the cost items budgeted in the grant application will be maintained in the Federal Programs Department.

Federal Programs staff will review all expenditures (requisitions and purchase orders) to ensure no activities occur, such as purchase orders issued, funds encumbered or expended, goods received, or services rendered, prior to the effective date for use of funds.

The District waits until the application is approved and the NOGA is received before commencing any activities budgeted in the application, or if the district allows the activities to occur as soon as the application is submitted, but not prior to the begin date of the grant. If the latter, the District ensures that the activities will receive prior approval by TEA and if not, how adjustments will be made to pay for the expenditures from another fund source.

After Receiving the NOGA/GAN

Requirement:

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

Implementation:

Upon receipt of the NOGA/GAN, the Business Office staff are notified and a meeting is scheduled to discuss the initial grant budget and any adjustments that need to be made, based on TEA negotiations during the application approval process. The Business Office and Federal Programs Department will collaborate and ensure the accounting system is updated in relation to receipt of the NOGA/GAN. Business Office staff review expenditures to determine allowable costs as approved in the grant application.

Amending the Budget and Application

Requirement:

As described on TEA's [Amending an Application](#) webpage, after receiving a NOGA, the grantee may realize a need to make modifications to planned allowable activities or estimated budget costs. Some changes are within the grantee's power to make without seeking TEA approval. Other changes, however, require the grantee to amend the approved grant application and receive approval of the changes.

The District refers to TEA's "When to Amend the Application" chart, located on TEA's [Amending an Application](#) webpage, to determine whether a grant amendment should be submitted to TEA, or whether changes may be made to local records only. Required amendments must be submitted

to TEA by the Last Amendment Due Date listed on the TEA [Grant Opportunities](#) webpage for the specific grant program.

All amendments are subject to negotiation and must adhere to the guidelines, regulations, provisions, and assurances of the grant program.

An amendment, after being approved by TEA, is considered effective on the date the amendment was received by TEA in substantially approvable form. All amendments are subject to negotiation.

In general, an amendment must be approved by TEA before any activities occur, such as purchase orders issued, funds encumbered or expended, goods received, or services rendered, that are affected by the amendment. If the District chooses to implement such changes prior to the amendment being approved by TEA, the District will be responsible for paying from other fund sources, any costs not approved during negotiations.

Local accounting records provide a complete record of the approved grant budget and all amendments, as well as transactions that do not require an official amendment submission to TEA.

Implementation:

The budget amendment process will be initiated by the Business Office after reviewing the needs of the campus/district and the approved budget by the funding agency. If it is determined that an amendment is needed, the Business Office will contact the Federal Programs Department to initiate the amendment process. The offices involved in the grant amendment/application include program directors i.e., Special Education, Federal Programs. The Federal Programs Director or Accountant will review and finalize any budget amendments, as well as any notification, formal approval, and/or documentation that must be created or maintained.

Please refer to TEA's "When to Amend the Application" chart located on TEA's [Amending an Application](#) webpage for more information.

Monitoring Expenditures

Requirement:

The District must compare actual expenditures with budget amounts for each Federal award and make adjustments as necessary.

The District must perform a reconciliation of any variances between the total expenditures recorded in the payroll journal and the total expenditures recorded in the detailed general ledger.

The District must perform a reconciliation of any variances between the total expenditures recorded in the detailed general ledger and the total expenditures reported to TEA via expenditure reporting.

The LEA must monitor expenditures to ensure compliance with the Maintenance of Effort requirements for ESSA and IDEA-B.

Implementation:

The Business Office regularly monitors expenditures and obligated and encumbered balances.

The Accountant regularly:

- Monitors cash flow statements and fund balances and reports to the status to the Executive Director of Financial Services
- Performs bank reconciliations
- Monitors time and effort records and makes necessary adjustments to ensure the federal program is not over-charged
- Monitors general fund expenditures to ensure compliance with ESSA MOE and IDEA-B MOE

Spending Grant Funds

Grant expenditures must be aligned with approved budgeted items.

While developing and reviewing the grant budget, the Office of the Executive Director of Finance should keep in mind the difference between direct costs and indirect costs, as well as the Federal Cost Principles for determination of allowability of costs.

Direct and Indirect Costs

According to [2 CFR §200.412](#) Classification of Costs, there is no universal rule for classifying certain costs as either direct or indirect under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the Federal award or other final cost objective. Therefore, **it is essential that each item of cost incurred for the same purpose be treated consistently in like circumstances either as a direct or an indirect cost in order to avoid possible double-charging of Federal awards.**

Cost Objective means a program, function, activity, award, organizational subdivision, contract, or work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, capital projects, etc. A cost objective may be a major function of the non-Federal entity, a particular service or project, a Federal award, or an indirect (Facilities and Administrative) cost activity. [2 CFR §200.1](#).

Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. [2 CFR §200.413\(a\)](#).

In accordance with [2 CFR §200.413\(b\)](#), identification with the Federal award rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect costs of Federal awards.

Typical costs charged directly to a Federal award are:

- The compensation of employees who work on that award,
- Their related fringe benefit costs,
- The costs of materials and other items of expense incurred for the Federal award.

If directly related to a specific award, certain costs that otherwise would be treated as indirect costs may also be considered direct costs. Examples include extraordinary utility consumption, the cost of materials supplied from stock or services rendered by specialized facilities, **program evaluation costs**, or other institutional service operations.

Indirect costs means those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. [2 CFR §200.1](#). Indirect costs usually support areas that benefit all activities of the District, such as Accounting, Budget, Human Resources, Purchasing, Building Maintenance, etc.

Administrative Costs generally are costs that are normal and customary expenses of administration. Some administrative costs are considered indirect costs, while other administrative costs are considered direct costs, as described in [2 CFR §200.413\(c\)](#). Some program statutes include information related to the definition of the term as it applies to the program-specific grant. TEA's [General and Fiscal Guidelines](#) provide examples of direct administrative costs.

Some grant programs do not allow direct administrative costs to be charged to the grant. Some grant programs place a limitation on the percentage of administrative costs, both direct and indirect, that can be charged to the grant for any fiscal year.

In accordance with [2 CFR §200.413\(c\)](#), the salaries of administrative and clerical staff should normally be treated as indirect costs. However, direct charging of these costs may be appropriate **only if all of the following conditions are met:**

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

Indirect Cost Rate

Requirement:

The Texas Education Agency (TEA) is the authoritative entity that issues Indirect Cost Rates for Independent School Districts (ISDs) and Open-Enrollment Charter Schools. TEA's [Indirect Cost Rates webpage](#) describes the process involved in requesting an Indirect Cost Rate (ICR). The process varies for ISDs and Open-Enrollment Charter Schools.

Grantees that choose to participate in the Indirect Cost Rates process must request and receive a new Indirect Cost Rate annually. The rates are effective July 1 through June 30th.

Grantees that do not request an Indirect Cost Rate for the specific year are prohibited from recovering a percentage of their indirect costs from their Federal awards for that year.

Grantees that receive Federal education awards are prohibited from using a de minimis indirect cost rate in lieu of a current negotiated rate.

Grantees that receive their Indirect Cost Rate from TEA may use the rates to recover their organization-wide administrative costs of managing Federal grants, including costs related to accounting, budgeting, purchasing, auditing, and payroll processing.

TEA issues two Indirect Cost Rates, a Restricted rate and an Unrestricted rate.

Restricted Rate: The Restricted Indirect Cost Rate is used for grant programs where the Supplement, Not Supplant (SNS) requirement applies. The majority of the grants that TEA administers are subject to Supplement, Not Supplant.

Unrestricted Rate: The Unrestricted Indirect Cost Rate is applied to grants not subject to the Supplement, Not Supplant requirement.

Once the LEA has an approved indirect cost rate, the percentage is multiplied against the actual expenditures declared in the Expenditure Reporting (ER) system (excluding certain distorting items such as equipment, contracts in excess of \$25,000, pass-through funds, etc.) incurred under a particular grant to produce the dollar amount of indirect costs allowable to that award.

The grantee with an Indirect Cost Rate may claim Indirect Costs via the ER system, regardless of whether Indirect Costs were budgeted in their grant application. Indirect costs are calculated and reimbursed based on actual expenditures when reported in the ER system.

When a Federal program has a specific cap on the percentage of administrative costs that may be charged to a grant, that cap includes all direct administrative charges as well as any recovered indirect charges.

In accordance with [OMB's 2 CFR FAQ May 2021](#) document, unallowable costs must not be charged either directly or indirectly to Federal awards.

Implementation:

The Business Office requests an Indirect Cost Rate (ICR) from TEA annually using TEA's Indirect Cost Rate worksheet. Budgets include the estimated indirect costs in the grant application, or will claim the indirect cost during the drawdown process via the ER system.

Determination of Allowability of Costs

Requirement:

The District is responsible for the efficient and effective administration of the Federal award through the application of sound management practices, and administers the Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award. [2 CFR §200.400\(a-b\)](#).

All costs supported by Federal education funds must meet the standards outlined in [2 CFR Part 200, Subpart E Cost Principles](#).

Factors Affecting Allowability of Costs [2 CFR §200.403](#)

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

- **Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.**
- **Conform to any limitations or exclusions set forth in these principles ([2 CFR Part 200 Subpart E](#)) or in the Federal award as to types or amount of cost items.**
- **Be consistent with policies and procedures that apply uniformly to both Federally-financed and other activities of the LEA.**
- **Be accorded consistent treatment.** A cost cannot be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- **Be determined in accordance with generally accepted accounting principles (GAAP), except as otherwise provided in 2 CFR Part 200.**
- **Not be included as a cost or used to meet cost sharing or matching requirements of any other Federally-financed program in either the current or a prior period.** (Some Federal program statutes require the non-Federal entity to contribute a certain amount of non-Federal resources to be eligible for the Federal program. Refer to [2 CFR §200.306\(b\)](#) for information related to cost-sharing or matching.)
- **Be adequately documented.** (See also [2 CFR §§200.300 – 200.309](#).)
- **Cost must be incurred during the approved budget period.**

Necessary:

While the Federal Cost Principles don't provide specific descriptions of what satisfies the "necessary" element beyond its inclusion in its reasonableness analysis, "necessary" is determined based on the needs of the program. Specifically, the expenditure must be necessary to achieve an important program objective. A key aspect in determining whether a cost is necessary is whether the LEA can demonstrate that the cost addresses an existing need, and can prove it.

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

- Whether the cost is needed for the proper and efficient performance of the grant program.
- Whether the cost is identified in the approved budget or application.
- Whether there is an educational benefit associated with the cost.

- Whether the cost aligns with identified needs based on results and findings from a needs assessment.
- Whether the cost addresses program goals and objectives and is based on program data.

Reasonable Costs

[2 CFR §200.404](#)

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.

In determining reasonableness of a given cost, consideration must be given to:

- Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the LEA or the proper and efficient performance of the Federal award.
- The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, and local laws and regulations; and the terms and conditions of the Federal award.
- Market prices for comparable goods or services for the geographic area.
- Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the LEA, its employees, its students or membership where applicable, the public at large, and the Federal Government.
- Whether the LEA significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.
- The price is comparable to that of the current fair market value for equivalent goods or services.

Allocable Costs

[2 CFR §200.405](#)

A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost:

- Is incurred specifically for the Federal award;

- Benefits both the Federal award and other work of the LEA and can be distributed in proportions that may be approximated using reasonable methods; and
- Is necessary to the overall operation of the LEA and is assignable in part to the Federal award in accordance with the cost principles in [2 CFR Part 200 Subpart E](#).

Any cost allocable to a particular Federal award under the cost principles of [2 CFR Part 200 Subpart E](#) may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal award, or for other reasons. However, this prohibition would not preclude the LEA from shifting costs that are allowable under two or more Federal awards in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards.

Direct Cost allocation principles: If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, the costs may be allocated or transferred to benefitted projects on any reasonable documented basis.

Where the purchase of equipment or other capital asset is specifically authorized under a Federal award, the costs are assignable to the Federal award regardless of the use that may be made of the equipment or other capital asset involved when no longer needed for the purpose for which it was originally required. See also Property Standards in [2 CFR §§200.310-200.316](#) and [200.439](#).

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

Applicable credits [2 CFR §200.406](#):

“*Applicable credits*” refer to those receipts or reduction-of-expenditure-type transactions that offset or reduce expense items allocable to the Federal award as direct or indirect costs. Examples of such transactions are: purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the LEA relate to allowable costs, they must be credited to the Federal award, either as a cost reduction or a cash refund, as appropriate.

Selected Items of Cost [2 CFR §§200.420-200.476](#):

The Selected Items of Cost section of [2 CFR Part 200 Subpart E Cost Principles](#) provides **principles** to be applied in establishing the allowability of certain items involved in determining cost, in addition to the factors affecting allowability of costs. These principles apply whether or not a particular item of cost is properly treated as a direct cost or indirect cost.

Failure to mention a particular item of cost in this section is not intended to imply that it is either allowable or unallowable; rather, determination as to allowability in each case should be based on the treatment provided for similar or related items of cost, and based on the principles described in [2 CFR §§200.402-200.411](#). **In case of a discrepancy between the provisions of a specific Federal award and the provisions in the Selected Items of Cost section, the Federal award governs.** Criteria outlined in [2 CFR §200.403](#) must be applied in determining allowability.

District personnel responsible for spending Federal grant funds and for determining allowability must be familiar with the 2 CFR Part 200 Selected Items of Cost provisions. The District must follow these rules when determining whether to charge specific expenditures to a Federal grant. In addition, Federal program-specific regulations, State rules, and local policy, may deem a specific cost as unallowable, even though identified as allowable in the Selected Items of Cost provisions. District personnel must follow the most restrictive.

Cost items may be unallowable for a number of reasons, including: the express language of the regulation states the item is unallowable; the terms and conditions of the grant deem the item unallowable; or State/local restrictions dictate that the item is unallowable. The item may also be unallowable because it does not meet one of the Federal cost principles. For example, an item that typically might be allowable, may be deemed unallowable, if the price is considered unreasonable. If an item is unallowable for any of these reasons, Federal funds cannot be used to purchase the item.

The Selected Items of Cost addressed in 2 CFR Part 200, applicable to all Federal awards (some cost items may not be applicable to Federal education awards) includes the following:

Item of Cost	Citation of Allowability Rule
Advertising and public relations	2 CFR § 200.421
Advisory councils	2 CFR § 200.422
Alcoholic beverages	2 CFR § 200.423
Alumni/ae activities	2 CFR § 200.424

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

Specialized service facilities	2 CFR § 200.468
Student activity costs	2 CFR § 200.469
Taxes (including Value Added Tax)	2 CFR § 200.470
Telecommunication costs and video surveillance costs	2 CFR § 200.471
Termination costs	2 CFR § 200.472
Training and education costs	2 CFR § 200.473
Transportation costs	2 CFR § 200.474
Travel costs	2 CFR § 200.475
Trustees	2 CFR § 200.476

Implementation:

When determining how the District will spend its grant funds, the Federal Programs/Special Education Director will review the proposed cost to determine whether it is an allowable use of Federal grant funds *before* budgeting, obligating, and spending those funds on the proposed good or service.

LEA personnel consult the following when determining if a cost is allowable with Federal funds:

- [2 CFR Part 200, Subpart E – Cost Principles](#), including the Basic Considerations and the General Provisions for Selected Items of Cost
- Program-specific statutes and regulations for the specific Federal award
- TEA’s Program Guidelines and other guidance/rules for the specific Federal program
- TEA’s general guidance and rules related to the administration of Federal awards
- Terms and conditions of the award
- USDE guidance
- Local policy and procedures

Helpful Questions for Determining Whether a Cost is Allowable:

In addition to the cost principles and standards described above, LEA fiscal and program staff may refer to this section as a useful framework when performing an analysis of allowability. In order to determine whether Federal funds may be used to purchase a specific cost item, it is helpful to ask the following questions:

Three important questions should be asked for every type of expenditure with Federal awards:

1. Is the cost reasonable and necessary?
2. Does the cost meet the intent of the Federal program’s statute and regulations?
3. Does the cost align with an allowable activity in the Federal program’s statute and regulations?

Additional questions to consider when determining allowable use of funds:

- Is the proposed cost allowable under the relevant program?
 - Am I familiar with the program-specific statutes and regulations?
 - Have I reviewed the Program Guidelines issued by TEA for the particular grant program?
- Is the proposed cost consistent with an approved program plan and budget?
 - Is the cost identified in the applicable program plan?
 - Is the cost item budgeted in our internal budget documents or does it need to be added?
 - Is the cost item budgeted in the grant application or does it need to be added?
 - Does the cost item require specific approval from TEA?
 - If so, has the cost item been approved by TEA?
- Is the proposed cost consistent with program-specific fiscal rules?
 - Does the grant program have a supplement, not supplant rule?
 - Are there other program-specific fiscal rules that affect this cost item?
- Is the proposed cost consistent with specific conditions imposed on the grant (if applicable)?
 - Does the proposed cost item conform to any limitations or exclusions set forth in the terms and conditions of the award?
 - Have I reviewed the NOGA for the grant award to determine specific terms and conditions?
- Is the proposed cost consistent with the Federal Cost Principles in 2 CFR Part 200?
 - Is the proposed cost reasonable and necessary?
 - Is it a type generally recognized as ordinary and necessary for the operation of the LEA?
 - Is it needed for the proper and efficient performance of the specific Federal program?
 - Does it address program-specific goals and objectives?
 - Is it aligned with identified needs based on program data?
 - Have I reviewed the Campus Improvement Plan and/or District Improvement Plan and Comprehensive Needs Assessment?
 - Is there an educational benefit associated with the cost?
 - Are sound procurement practices, such as arms-length bargaining, full and open competition standards followed, if applicable?
 - Are we significantly deviating from our locally established practices and policies?
 - Is the price consistent with market prices for comparable goods or services for the geographic area?
 - Are we required to perform a cost/price analysis?

- Did we perform a lease vs purchase analysis, if applicable?
- Did we perform an appropriate analysis to determine the most economical approach for the purchase?
- Did we consider the option of used or surplus property in lieu of purchasing new equipment or property?
- Is this the minimum amount I need to spend to meet the need?
- Is this a more expensive model/version than what I really need?
- Do we really need this, or is it just nice to have?
- Do we have the capacity to use what I'm purchasing?
- Would this be a duplicative item of something we already have? Have I checked our inventory?
- Would this purchase pass the prudent person test?
- If I were asked to defend his purchase, would I be able to?
- Is the proposed cost allocable to the Federal award?
 - Is the cost incurred specifically for the Federal program?
 - Will the program benefit in proportion to the costs charged to the Federal award?
- Is the proposed cost item consistent with policies and procedures that apply uniformly to both Federally-financed and other activities of the LEA?
 - Does the proposed cost item adhere to local policy?
- Is the proposed cost item accorded consistent treatment?
 - Is the cost a direct cost or indirect cost?
 - Is the determination consistent with like costs in like circumstances?
- Will the accounting treatment of the proposed cost item conform with the generally accepted accounting principles (GAAP)?
- Will the proposed cost item be used as a match or cost-share?
- Are any credits being extended that should reduce the amount being allocated to the Federal award?
- Have I reviewed the Selected Items of Cost in 2 CFR Part 200?
- Have I reviewed the TEA Program Guidelines and Terms and Conditions for the specific Federal award, and any TEA guidance, such as FAQs for the specific award?
- Have I reviewed TEA's General and Fiscal Guidelines, and General Provisions and Assurances, applicable to all Federal education awards, as well as program-specific provisions and assurances?
- Do I have a system in place to adequately document the entire procurement cycle for the purchase?

- Do I have a system in place to ensure the obligation and expenditure occur during the grant program performance period?
- Do I have a system in place to ensure that once the item is purchased and received, personnel who use the item are made aware of its fund source and intended purpose and intended beneficiaries?
- Are there any State or local rules applicable to this cost item that are more restrictive than Federal rules?

Additional Specific Cost Considerations:

The following costs are noteworthy of additional information and guidance to ensure compliance with allowable use of funds.

Hosting conferences, field trips (entertainment) and out-of-state travel are generally unallowable under TEA policy, unless they are specified as allowable in the TEA Program Guidelines for the specific grant program.

State travel reimbursement rules are more restrictive than the Federal rules. Please see the Travel section of this manual for the District’s travel reimbursement procedures.

Participant Support Costs means direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but **not employees**) in connection with conferences, or training projects. [2 CFR §200.1](#)

The District will follow the instructions for “Prior Approval Requests for Participant Support Costs” located on TEA’s website “Forms for Prior Approval, Disclosure, and Justification”:

<https://tea.texas.gov/finance-and-grants/grants/grants-administration/forms-for-prior-approval-disclosure-and-justification>

Field trips generally fall under the category of entertainment. Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved budget for the Federal award or with prior written approval of the Federal awarding agency. [2 CFR §200.438](#)

The LEA will follow TEA’s guidance in the Program Guidelines specific to the Federal grant program to determine if an activity is considered an **educational** field trip and whether the activity is allowable. If so, the cost must be budgeted in the grant application. The LEA must complete the “[Justification for Educational Field Trips](#)” form and maintain locally. The form is located on TEA’s website “Forms for Prior Approval, Disclosure, and Justification”:

<https://tea.texas.gov/finance-and-grants/grants/grants-administration/forms-for-prior-approval-disclosure-and-justification>

Grant writing is an unallowable use of Federal funds. Please see the “Completing and Submitting the Grant Application” section of this manual for more information.

Telecommunication costs and video surveillance costs are costs incurred for telecommunications and video surveillance services or equipment, such as phones, internet, video surveillance, and cloud servers. [2 CFR §200.471](#) These costs are allowable **except** for the circumstances described in [2 CFR §200.216](#).

The District will ensure it complies with the prohibitions described in [2 CFR §200.216](#). Please see the Contract Prohibitions section of this manual for more information.

Use of Funds for Religion Prohibited [34 CFR 76.532](#)

No State or subgrantee may use its grant or subgrant to pay for any of the following: (1) Religious worship, instruction, or proselytization; (2) Equipment or supplies to be used for any of the activities specified in (1).

Pre-award Costs

The District will review grant guidelines closely to determine if and when pre-award costs are allowable. The Business Office staff will monitor expenditures for dates that meet pre-award costs when allowed by the grant funded program.

Federal Cash Management [2 CFR §200.305](#)

Payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity (e.g., TEA) and the disbursement by the LEA, whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means.

There are two payment methods available to a subgrantee: reimbursement and cash advances.

Reimbursement:

Requirement:

In a reimbursement method, the LEA draws down Federal grant funds from the U.S. Treasury or pass-through entity (e.g., TEA) **after the LEA has already paid out the funds**. In an effort to allow subgrantees with additional flexibility, TEA has defined reimbursement as drawing down funds from the TEA Expenditure Reporting (ER) System on, or after, the day the LEA has mailed, delivered, or submitted an electronic payment for the Federal program purpose.

All reimbursements are based on actual disbursements, not on obligation. For audit purposes, the LEA must track the date it mailed, delivered, or submitted an electronic payment as proof for the reimbursement method.

Implementation:

The LEA will initially charge Federal grant expenditures to non-Federal funds.

Cash Advance

Requirement:

Under the cash advance method, the LEA draws down Federal grant funds **in advance of when the funds will be paid out**. The payment date is the actual date of disbursement, not the date encumbered or scheduled for payment according to the accounting treatment.

The use of this payment method requires the LEA to have written procedures that minimizes the time elapsing between the drawdown and when the LEA will issue the payment.

Advance payments of Federal funds must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements for direct program or project costs and the proportionate share of any allowable indirect costs.

Implementation:

The District utilizes the reimbursement payment method. However, to the extent the LEA receives advance payments of Federal grant funds, the LEA will strive to expend the Federal funds on allowable expenditures within [72] hours of receipt.

The LEA will hold Federal advance payments in interest-bearing accounts.

Payroll Considerations

Requirement:

Payroll accruals are wages, salaries, the related payroll taxes, TRS and IRS payments, and benefits that have been earned by an organization's employees but have not yet been paid by the

organization. The payroll accruals should not be claimed for reimbursement until they are reversed and paid out as payroll expenditures.

If the LEA draws down only the amount to be paid to the employees on the date the employees are paid, leaving an accrual balance in the accrued wages payables account in the LEA's accounting system, then the drawdown is a reimbursement.

If liabilities, such as TRS or IRS payments, are drawn down at the same time the LEA draws down the employee's paycheck amount, but are not paid to these entities until a later date, these liability amounts are a cash advance. If instead, the liabilities are drawn down on the date the payments are submitted to these entities, the payment would be a reimbursement.

Implementation:

The District will drawdown for payroll with adequate documentation to support the payroll expenditures. The District draws down payroll liabilities, such as TRS and IRS payments.

Interest Earned on Cash Advances:

Requirement:

Advance payments of Federal funds must be deposited and maintained in insured accounts whenever possible. [2 CFR §200.305\(b\)\(7\)\(ii\)](#)

In accordance with [2 CFR §200.305\(b\)\(8\)](#), the LEA must maintain advance payments of Federal awards in interest-bearing accounts, unless the following apply:

- The subgrantee receives less than \$250,000 in Federal awards per year
- The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per fiscal year on Federal cash balances
- The depository (bank) would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources
- A foreign government or banking system prohibits or precludes interest-bearing accounts

Interest begins to accrue (is calculated) from the date the Federal funds are deposited into the LEA's bank account until the date of disbursement for the grant expenditure (the date the payment is mailed, delivered, or electronically submitted).

Interest earned amounts up to \$500 per year may be retained by the LEA for administrative expense. Any additional interest earned on Federal advance payments deposited in interest-bearing

accounts must be remitted annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment. Details for returning interest are described in [2 CFR §200.305\(b\)\(9\)](#). Interest is NOT remitted to TEA.

Expenditure Reporting (ER) System

Requirement:

The District in good standing is required to use TEA's expenditure reporting (ER) system to record expenditures and request payment. Regular requests for payment will be made to indicate to TEA that grant funds are being spent and that grant activities are being implemented according to the established timelines, provided such payments conform to the rules pertaining to cash management. Final and Revised Final Expenditure Reports must be submitted by the deadline established by TEA for each specific grant.

When reporting expenditures by class/object code, the ER system will not permit the subgrantee to submit an expenditures report with the following criteria:

- Where the subgrantee is claiming expenditures in a class/object code not budgeted in the approved application
- When the total amount exceeds the total amount in the grant

Revised Final Expenditure Report:

- If the LEA discovers expenditures that are greater than the amount initially reported, it must file a revised final expenditure report by the deadline established by TEA in order to claim those expenditures. In the event that the ER system is closed, the LEA must contact the Cash Management/Fund Control Unit in TEA's Grants Administration Division for further instructions.
- If the LEA discovers expenditures that are less than the amount initially reported, it must submit a revised final expenditure in the ER system immediately. Refunds must then be submitted to TEA within 30 days, according to TEA's Refund processes.

The ER system is designed to accommodate a segregation of duties between the staff member who enters the drawdown into the ER system and the authorized official who certifies and submits the request. Failure to have such segregation of duties could be a sign of insufficient internal controls indicating risk of inadequate fund management. TEA strongly recommends the segregation of duties and may impose additional specific conditions on subgrant awards when risk is identified. The LEA is responsible for ensuring the Grantee Manager and/or Grantee Official has been

authorized by the LEA to enter the organization into legally binding agreements for grant payment purposes. This authorized official must certify request for payment as described in Uniform Guidance [2 CFR §200.415\(a\)](#): *“By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812).”*

Supporting documentation (such as an accounting ledger) that lists the individual expenditures by object code, as well as invoices, receipts, travel vouchers, and other expenditure documents must be maintained locally and provided to TEA or auditors upon request.

Implementation:

The Federal Programs Director monitors deadlines for ER requests for all Federal education awards. The Accountant will generate ER requests and the Executive Director of Financial Services will certify and submits ER requests. Supporting documentation will be maintained in hard-copy and electronic form.

Timely Obligation of Funds

Requirement:

All obligations and encumbrances for Federal grant programs must occur on or after the effective date of the grant application (the date the application was received by TEA, or the first day of the grant availability period, whichever date is later) unless pre-award costs are expressly permitted for the specific grant program and within the grant beginning and ending dates listed on the NOGA.

The LEA must receive the benefit and liquidate (record as an expenditure) all obligations incurred under the award no later than the Revised Final Expenditure Report due date. An encumbrance cannot be considered an expenditure or accounts payable until the goods have been delivered and the services have been rendered.

Obligations that are liquidated and recognized as expenditures must meet the allowable cost principles of the [2 CFR Part 200, Subpart E](#), and be in compliance with the program rules, regulations and guidelines contained in the program-specific statute and regulations, and TEA’s general and program-specific guidelines, provisions, and assurances.

When Obligations are Made

34 CFR §76.707

The following table, applicable to state-administered Federal education grants (grants received by the LEA from the pass-through entity [e.g., TEA]), illustrates when Federal education funds are determined to be obligated, depending upon the expenditure type:

If the obligation is for:	The obligation is made:
Acquisition of real or personal property	On the date on which the LEA makes a binding written commitment to acquire the property
Personal services by an employee of the LEA	When the services are performed
Personal services by a contractor who is not an employee of the LEA	On the date on which the LEA makes a binding written commitment to obtain the services
Performance of work other than personal services	On the date on which the LEA makes a binding written commitment to obtain the work
Public utility services	When the LEA receives the services
Travel*	When the travel is taken
Rental of real or personal property	When the LEA uses the property
A pre-agreement cost that was properly approved by the Secretary under the cost principles in 2 CFR part 200, Subpart E-Cost Principles.	On the first day of the subgrant performance period

The Obligation Chart for Federal education awards received directly from the U.S. Department of Education, rather than received as pass-through from TEA, is located at [34 CFR §75.707](#).

*TEA provides flexibility for LEAs to categorize registration fees as either Travel, or Personal Services by a Contractor, provided the determination is **consistently applied**. Please see the Travel section of this manual for the LEA's procedures regarding registration fees for professional development.

Carryover Provision: As a general rule, **state-administered** Federal funds are available for obligation within the year that Congress appropriates the funds for. However, given the unique nature of educational institutions, the period of availability is 27 months for many Federal education grants. This period of availability typically consists of an initial grant period of 15 months (i.e., July 1 through September 30 of the following year), plus a 12-month carryover period authorized by the “Tydings Amendment” (cited in the General Education Provisions Act (GEPA), [20 U.S.C. 1225\(b\)](#)). In accordance with [34 CFR §76.709](#), if a subgrantee does not obligate all of its subgrant funds by the end of the fiscal year for which Congress appropriated the funds, it may obligate the remaining funds during a carryover period of one additional fiscal year. The LEA shall use carryover funds in accordance with the Federal statutes and regulations that apply to the program and are in effect for the carryover period. [34 CFR §76.710](#)

Some education grant programs don’t allow carryover; some place a limit on the percent of unused funds that can be carried forward to the next year; and some place no limitation on the carryover percentage. The LEA must review the Program Guidelines for the specific grant program to determine the carryover provisions applicable to the specific program.

During some grant years, rather than use the carryover provision, TEA will extend the original budget period from the initial 15-month period to the full 27 months, thereby negating the need for carryover.

Grantees receiving **direct grants** from the Federal government are not covered by the 12-month Tydings Amendment period. However, a provision in the Uniform Guidance [2 CFR §200.309](#) allows the Federal awarding agency or pass-through entity (e.g., TEA) to approve extensions to grants that don’t fall under the Tydings Amendment.

Regardless of whether unspent funds carryover or whether the initial budget period is extended, the LEA should exercise proper grant management and internal control and have processes in place to fully spend the funds during the initial budget period and use the carryover provision for unexpected situations that prevent the LEA from spending all the grant funds during the current grant period. An exception to this general rule is the IDEA-B grant, in which the LEA may choose to carryover the required 25% Residential Set-Aside to ensure the funds will be available if needed.

Implementation:

The Business Office determines that obligations, encumbrances, and liquidation occur within the appropriate period. The District implements processes to ensure obligations are liquidated prior to

submission of the final expenditure report. The Business Office in collaboration with the Federal Programs Department will determine the timing of obligations, based on expenditure type, are compliant with EDGAR rules.

Program Income [2 CFR §200.307](#)

Requirement:

In accordance [2 CFR §200.400\(g\)](#), the LEA may **not earn or keep** any profit resulting from Federal financial assistance, unless explicitly authorized by the terms and conditions of the Federal award.

[2 CFR §200.307](#) encourages LEAs to earn income to defray program costs where appropriate. However, the LEA must not generate more program income than it expends in the program. If it does, the NOGA must be reduced to prevent the LEA from unallowably generating or keeping profit from the Federal grant award.

Program income means gross income earned by a non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance.

[2 CFR §200.1](#)

Program income, as indicated in [2 CFR §200.1](#), includes, but is not limited to:

- Income from fees for services performed,
- The use or rental of real or personal property acquired under Federal awards,
- The sale of commodities or items fabricated under a Federal award,
- License fees and royalties on patents and copyrights, and
- Principal and interest on loans made with Federal award funds

Program income is not:

- Interest earned on cash advances of Federal funds [2 CFR §200.1](#)
- Rebates, credits, discounts, and interest earned on any of these, except as otherwise provided in Federal statutes, regulations, or the terms and conditions of the Federal award [2 CFR §200.1](#)
- Taxes, special assessments, levies, fines, and other such revenues raised by a non-Federal entity, unless the revenues are specifically identified in the Federal award or Federal awarding agency regulations as program income [2 CFR §200.307\(c\)](#)
- Proceeds from the sale of real property, equipment, or supplies [2 CFR §200.307\(d\)](#)

Use of Program Income:

If the Federal awarding agency does not specify in its regulations or the terms and conditions of the Federal award, or give prior approval for how program income is to be used, the Deduction method for program income applies. [2 CFR §200.307\(e\)](#)

Deduction method: 2 CFR § 200.307(e). Ordinarily program income must be deducted from total allowable costs to determine the net allowable costs. Program income must be used for current costs unless the Federal awarding agency authorizes otherwise. Program income that the non-Federal entity did not anticipate at the time of the Federal award must be used to reduce the Federal award and non-Federal entity contributions rather than to increase the funds committed to the project. The LEA must notify TEA of any program income earned from products or activities funded from the Federal grant award. 2 CFR § 200.307(e)(1).

Addition method: With prior approval of the Federal awarding agency, program income may be added to the Federal award by the Federal agency and the non-Federal entity. The program income must be used for the purposes and under the conditions of the Federal award. 2 CFR § 200.307(e)(2)

The LEA must submit the “[Request to Add Program Income to Federal Grant Award and Expand Delivery of Programmatic Services](#)” form to TEA for approval. The form is located on TEA’s website “Forms for Prior Approval, Disclosure, and Justification”:

<https://tea.texas.gov/finance-and-grants/grants/grants-administration/forms-for-prior-approval-disclosure-and-justification>

While the deduction method is the default method, the LEA must refer to the NOGA/GAN to determine the appropriate use of program income.

Income after the period of performance: There are no Federal requirements governing the disposition of income earned after the end of the period of performance for the Federal award, unless the Federal awarding agency regulations or the terms and conditions of the Federal award provide otherwise. See [2 CFR §200.344](#) Closeout.

Reporting Program Income

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

Earning Program Income after the Grant Period

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

Procurement

Module 3 of TEA's [FASRG](#) outlines requirements and best practices related to the purchasing function. Reflecting state (and some federal) requirements for purchasing, *Module 3* is based on statutes containing requirements for districts for competitive *purchasing/contracting processes* found in the *Texas Education Code*, *Local Government Code*, *Texas Government Code*, *Texas Revised Civil Statutes*, Texas Attorney General Opinions, federal regulations and other sources. The *Handbook on Purchasing for Texas Public Schools, Junior Colleges and Community Colleges (Appendix 1 of Module 3)* was written to provide information about purchasing and also be a ready reference regarding:

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

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

In accordance with TEA's *purchasing policy* established in *Module 3*, the District's objective is to purchase the best products, materials, and services at the lowest practical prices within relevant statutes and policies. It is important to acquire goods and services for the best price through fair and open competition to protect the interest of the local, state, and federal government while still maintaining the desired quality and minimizing exposure to misuse of funds.

Also in accordance with *Module 3*, the District's administrative *procedures* pertaining to purchasing goods and services shall reflect *quality assurance* and *quality control*, including an analysis of products provided through the procurement process, a review of services provided, and a review of vendor performance. Additionally, the District's purchasing practices and procedures

must comply with federal procurement standards, some of which are already incorporated into *Module 3*. It should be noted that some state requirements for purchasing are more restrictive than the federal requirements. Key state requirements that are more restrictive are noted in this section.

Also in accordance with *Module 3*, the District's administrative *procedures* pertaining to purchasing goods and services shall reflect *quality assurance* and *quality control*, including an analysis of products provided through the procurement process, a review of services provided, and a review of vendor performance. Additionally, the District's purchasing practices and procedures must comply with federal procurement standards, some of which are already incorporated into *Module 3*. It should be noted that some state requirements for purchasing are more restrictive than the federal requirements. Key state requirements that are more restrictive are noted in this section.

Conflict of Interest Requirements

This manual describes **Federal** procurement rules from the Uniform Guidance [2 CFR Part 200](#), applicable to procurement with Federal funds. In addition to avoiding conflicts of interest and ensuring full and open competition as described above, the District's written procurement procedures for purchases made with federal funds reflect applicable state and local laws and regulations and conform to the following *federal* standards for procuring goods and services with federal funds. 2 CFR § 200.318

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

Whenever State rules or local policy are more restrictive than Federal regulations, the most restrictive must be followed.

General Procurement Standards

[2 CFR §200.318](#)

Requirement:

- The LEA must have and use documented procurement procedures, consistent with State and local laws and regulations and the general procurement standards of [2 CFR §200.318](#), for the acquisition of property or services required under a Federal award or subaward. The LEA's documented procurement procedures must conform to the procurement standards identified in [2 CFR §§200.317 through 200.327](#).

- The LEA must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.
 - Implementation: Please see the Oversight and Quality Control section of this manual for the LEA's procedures.

- The LEA must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of contracts. Additionally, if the LEA has a parent, affiliate, or subsidiary organization that is not a State or local government, the LEA must also maintain written standards of conduct covering organizational conflicts of interest.
 - Implementation: Please see the Standards of Conduct Covering Conflicts of Interest section of this manual for the LEA's procedures for this requirement.

- The LEA's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. When appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach. 2 CFR § 200.318(d)
 - Implementation: Please see the Helpful Questions for Determining Whether a Cost is Allowable section of this manual for a list of considerations toward more economical and prudent purchases.
 - Perform an analysis to determine the most economical approach to a procurement, such as lease versus purchase
 - Determine when to consolidate or break out a procurement to achieve greater economy
 - The LEA ensures that breaking out procurements to obtain a more economical price does not violate the State rules regarding component purchases, separate purchases, or sequential purchases as outlined in [TEC §44.032](#). Please see more information under the Contract Prohibitions section of this manual. See *II. Financial Management Standards, E. Expending Grant Funds, Determining Allowability of Costs*, for written procedures on determining allowability.

- To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal Government, the non-Federal entity is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services.

2 CFR § 200.318(e). Competition requirements will be met with documented procurement actions using strategic sourcing, shared services, and other similar procurement arrangements.

- Implementation: Please see the Purchasing Cooperatives and Interlocal Agreements section of this manual for the LEA's procedures.
- This includes cooperative purchasing agreements as well as shared services arrangements (SSAs) where practical and beneficial. Cooperative purchasing is described in section 3.5 of *Module 3*. SSAs as they pertain to a particular grant program are described in section 1.3.1 of *Module 1* (FAR).
- The non-Federal entity is encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.
- The non-Federal entity is encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.
- The LEA must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.
 - Implementation: Please see the Suspension and Debarment section of this manual for the LEA's procedures in compliance with [2 CFR §200.214](#). Please see the Oversight and Quality Control section of this manual for contractor selection.
- The LEA must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.
 - Implementation: Please see the Oversight and Quality Control section of this manual for the LEA's procedures.
- The non-Federal entity may use a time-and-materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Detailed information regarding the Federal requirements regarding time-and materials type contracts is available at [2 CFR §200.318\(j\)](#).

- See the Oversight and Quality Control section in this manual for information on ensuring the contractor’s methods and controls are efficient and effective.
- The LEA alone must be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the LEA of any contractual responsibilities under its contracts. Violations of law will be referred to the local, State, or Federal authority having proper jurisdiction.
 - TEA is responsible for judging only those contract matters that are primarily of Federal concern.

Competition

[2 CFR §200.319](#)

Requirement: All procurement transactions for the acquisition of property or services required under a Federal award must be conducted in a manner providing full and open competition consistent with [2 CFR §200.319](#) Competition and [2 CFR §200.320](#) Procurement Methods.

Noncompetitive procurements can only be awarded in accordance with [2 CFR §200.320\(c\)](#).

In order to ensure **objective** contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements.

Some of the situations considered to be restrictive of competition include but are not limited to:

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

Geographical Preferences Prohibited

[2 CFR §200.319\(c\)](#)

Requirement: The LEA must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state or local geographical preferences in the evaluation of bids or

proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference.

Nothing in this section preempts state licensing laws.

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

The most restrictive requirement of applicable Federal and State laws and regulations and local policy must be followed.

In accordance with [Texas Education Code \(TEC\) §44.042](#), a school district that purchases agricultural products shall give preference to those produced, processed, or grown in Texas if the cost to the school district is equal and the quality is equal. If agricultural products produced, processed, or grown in Texas are not equal in cost and quality to other products, the school district shall give preference to agricultural products produced, processed, or grown in other states of the United States over foreign products.

The District, to the greatest extent practicable, provides a preference for the purchase, or acquisition, of goods and products produced in the United States. The District includes this preference in all contracts and purchase orders for work or products using federal funds. 2 CFR § 200.322.

Prohibition on Certain Telecommunications Companies

The District will not procure, enter into a contract to procure, or extend or renew a contract to procure covered telecommunications and video surveillance equipment or services described in Public Law 115-232, section 889. Covered telecommunications and video surveillance equipment or services are those produced by Huawei Technologies Company, ZTE Corporation, Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company, or any subsidiary or affiliate of such entities. 2 CFR § 200.216.

Competitive Solicitation Requirements

[2 CFR §200.319\(d\)](#)

Requirement: The LEA must have written procedures for procurement transactions that ensure all solicitations:

- Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured.
 - Such description must not, in competitive procurements, contain features which unduly restrict competition.
 - The description may include a statement of the qualitative nature of the material, product, or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use.
 - Detailed product specifications should be avoided if at all possible.
 - When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and
- Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals. 2 CFR § 200.319(c)

Prequalified Lists

[2 CFR §200.319\(e\)](#)

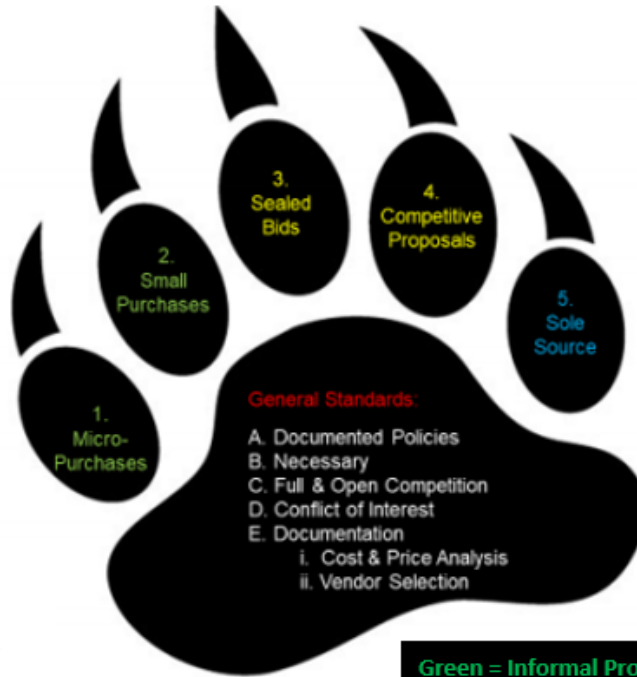
Requirement: The LEA must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. The LEA must not preclude potential bidders from qualifying during the solicitation period. 2 CFR § 200.319(d).

Implementation: The District accomplishes this by conducting internet searches, including using [vendor searches available through the Texas Comptroller of Public Accounts](#), and by using other less technologically-advanced tools to locate and identify potential contractors. The Executive Director of Financial Services is responsible for reviewing prequalified lists and determining if they include an adequate number of qualified sources.

Procurement Methods

[2 CFR §200.320](#)

Procurement Claw



Procurement Claw adapted from OMB's 2 CFR FAQ, May 2021

Green = Informal Procurement
 Yellow = Formal Procurement
 Blue = Noncompetitive Procurement

1. Micro-Purchases	2. Small Purchases	3. Sealed Bids	4. Competitive Proposals	5. Noncompetitive
Up to \$10,000 aggregate for "like-type" items	Not to exceed \$250,000, except where Texas is more restrictive	>\$250,000, except where Texas is more restrictive	>\$250,000, except where Texas is more restrictive	Micro-purchases
Increase up to \$49,999, subject to self-certification and notification to TEA	Not to exceed \$49,999 for Texas LEAs subject to TEC §44.031(a)	Contracts valued at \$50,000 or more for Texas LEAs subject to TEC §44.031(a)	Contracts valued at \$50,000 or more for Texas LEAs subject to TEC §44.031(a)	Item available only from a single source
No quotations; Determine reasonable price	Quotations required	Review types of competitive procurement under TEC §44	Requires written method for conducting technical evaluations of proposals received and selections made	Public exigency or emergency will not permit a delay resulting from publicizing a competitive solicitation
Distribute equitably among qualified suppliers	No cost or price analysis required	Cost or price analysis required for all procurements >\$250,000	Review types of competitive proposals under TEC §44	Approval obtained from TEA in accordance to request submitted by LEA
			Cost or price analysis required for all procurements >\$250,000	After solicitation of a number of sources, competition is determined inadequate

Requirement: The LEA must have and use documented procurement procedures, consistent with the standards of 2 CFR §§[200.317](#) (last sentence), [200.318](#), [200.319](#), and [200.320](#) for any of the

following methods of procurement used for the acquisition of property or services required under a Federal award or sub-award.

The methods of procurement fall under three major categories: Informal Procurement, Formal Procurement, and Noncompetitive Procurement, each with distinctive requirements.

An LEA may design purchasing structures with requirements that are more restrictive than those mandated by the Federal government or the State. However, locally-defined purchasing structures must not be less restrictive.

In Texas, the [FASRG \(Financial Accountability System Resource Guide\)](#), Purchasing Module describes **state** purchasing rules that must be followed, in accordance with the [Texas Education Code \(TEC\) Chapter 44 School District Fiscal Management](#) and other applicable state rules. Refer specifically to TEC §§44.031-44.901 for **state laws on purchasing**.

Informal Procurement Methods (Micro-purchases and Small Purchases) [2 CFR §200.320\(a\)](#):

Requirement: When the value of the procurement for property or services under a Federal award **does not exceed** the *simplified acquisition threshold (SAT)*, as defined in [2 CFR §200.1](#), **or a lower threshold established by a non-Federal entity**, *formal* procurement methods are not required.

The LEA may use *informal* procurement methods (i.e., micro-purchases and small purchases) to expedite the completion of its transactions and minimize the associated administrative burden and cost.

Simplified acquisition threshold means the dollar amount below which a non-Federal entity may purchase property or services using small purchase methods [informal procurement methods]. Non-Federal entities adopt small purchase procedures in order to expedite the purchase of items at or below the simplified acquisition threshold. The simplified acquisition threshold for procurement activities administered under Federal awards is set by the FAR (Federal Acquisitions Regulations) at [48 CFR Part 2, subpart 2.1](#). The non-Federal entity is responsible for determining an appropriate simplified acquisition threshold based on internal controls, an evaluation of risk, and its documented procurement procedures. However, in no circumstances can this threshold exceed the dollar value established in the FAR ([48 CFR part 2, subpart 2.1](#)) for the simplified acquisition threshold. Currently, the simplified acquisition threshold established by the FAR is \$250,000. **Recipients should determine if local government laws on purchasing apply.** [2 CFR §200.1](#)

Texas state law is more restrictive than Federal regulations concerning the threshold for informal purchase methods versus formal, competitive procurement for ISDs and **certain** open-enrollment charter schools.

Implementation: In accordance with [TEC §44.031 Purchasing Contracts](#), all school district contracts for the purchase of goods and services, except contracts for the purchase of produce or vehicle fuel, valued at \$50,000 or more in the aggregate for each 12-month period shall be made by the **competitive** method, of methods listed in the citation, that provides the best value for the district.

Therefore, the Federal simplified acquisition threshold of \$250,000 is not applicable to Texas ISDs and **certain** charter schools when determining the threshold for informal, small purchase procedures.

The LEA limits informal procurements to procurements under \$50,000 as per Board Policy CH (Legal)-P.

Micro-purchases

2 CFR §200.320(a)(1)

Requirement: *Micro-purchase* means a purchase of supplies or services, the aggregate amount of which does not exceed the micro-purchase threshold. The *micro-purchase threshold* means the dollar amount at or below which a non-Federal entity may purchase property or services using micro-purchase procedures. Generally, the micro-purchase threshold for procurement activities administered under Federal awards is not to exceed the amount set by the FAR (Federal Acquisitions Regulations) at [48 CFR Part 2, subpart 2.1](#), unless a higher threshold is requested by the LEA and approved by TEA. [2 CFR §200.1](#)

Currently, the micro-purchase threshold established by the FAR is \$10,000.

The LEA is responsible for determining and documenting an appropriate micro-purchase threshold based on internal controls, an evaluation of risk, and its documented procurement procedures. The micro-purchase threshold used by the LEA must be authorized or not prohibited under State and local laws or regulations. [2 CFR §200.320\(a\)\(1\)\(iii\)](#)

LEAs have the option to increase the micro-purchase threshold up to \$50,000, in accordance with the requirements of [2 CFR §200.320\(a\)\(1\)\(iv\)](#). The LEA may self-certify a threshold up to \$50,000 on an annual basis and must maintain documentation to be made available to the Federal awarding agency and auditors in accordance with [2 CFR §200.334](#).

The self-certification must include a justification, clear identification of the threshold, and supporting documentation of any of the following:

- A qualification as a low-risk auditee, in accordance with the criteria in [2 CFR §200.520](#) for the most recent audit;

- An annual internal institutional risk assessment to identify, mitigate, and manage financial risks.

Texas state law is more restrictive than Federal regulations concerning the option to increase the micro-purchase threshold up to \$50,000. Due to TEA's Financial Accounting System Resource Guide ([FASRG](#)) rules, the LEA may only certify a micro-purchase threshold up to \$49,999, since [TEC 44.031\(a\)](#) requires competitive procurement for contracts valued at \$50,000 or more.

TEA Requirements for Self-Certification Notification:

If the LEA chooses to utilize the self-certification option to establish a micro-purchase threshold higher than the current standard \$10,000 threshold, the LEA will follow TEA's requirements for the self-certification, as outlined in the TEA [To The Administrator Addressed letter](#) dated April 22, 2021.

- The LEA must develop a written policy justifying and clearly identifying the new threshold.
- For a threshold from \$10,001 to \$25,000, the LEA must notify TEA of the micro-purchase threshold amount at <https://app.smartsheet.com/b/form/e2f879cc182e47a69a39afec56084aa5>
- For a threshold from \$25,001 to \$49,999, the LEA must notify TEA of the micro-purchase amount, using the link above, AND attach the LEA's written policy, AND attach verification of the LEA's risk level identified in the most recent federal audit OR documentation of an internal risk assessment and internal controls for mitigating and managing financial risks

Requirements Applicable to Micro-purchases:

Regardless of the threshold chosen for the micro-purchase method, the following applies to micro-purchases, as outlined in [2 CFR §200.320\(a\)\(1\)\(i-ii\)](#):

- Micro-purchases may be awarded without soliciting competitive price or rate quotations if the LEA considers the price to be reasonable based on research, experience, purchase history or other information, and documents its files accordingly.
- Purchase cards can be used for micro-purchases if procedures are documented and approved by the LEA.
- To the maximum extent practicable, the LEA should distribute micro-purchases equitably among qualified suppliers.

TEA Requirements for the Micro-Purchase Aggregate Spending:

Regardless of the threshold chosen for the micro-purchase method, the LEA must define "like-type" items for which the aggregate spending applies.

TEA's [November 29, 2018 To the Administrator Addressed letter](#) outlines the TEA guidance regarding this requirement. The LEA may not define "like-types" as a single purchase order or a

single vendor. The cost of items applicable to each “like-types” category is cumulative across the year for all federal awards and cannot exceed the established micro-purchase threshold.

Once the aggregate amount for the year is reached for the specific “like-types” category, the LEA must then follow the appropriate procurement process, such as small purchase procedures or competitive procurement, applicable to the procurement cost.

Small Purchases [2 CFR §200.320\(a\)\(2\)](#):

Requirement:

Small purchase procedures pertain to the acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold, but does not exceed the simplified acquisition threshold, or the threshold established by state rules or local policy, whichever is lesser.

The LEA is responsible for determining an appropriate simplified acquisition threshold based on internal controls, an evaluation of risk and its documented procedures which must not exceed the simplified acquisition threshold established in the FAR (Federal Acquisitions Regulations) at [48 CFR Part 2, subpart 2.1](#). The current simplified acquisition threshold is \$250,000. When applicable, a lower simplified acquisition threshold used by the LEA must be authorized or not prohibited under State or local laws or regulations.

Texas state law is more restrictive than Federal regulations concerning the threshold for informal purchase methods versus formal, competitive procurement for ISDs and **certain** open-enrollment charter schools.

In Texas, state law requires competition for contracts valued at \$50,000 or more in accordance with [TEC §44.031 Purchasing Contracts](#). Therefore, small purchase procedures may only be used for procurements under \$50,000 for ISDs and certain charter schools.

[TEA’s [General and Fiscal Guidelines](#) explain that the FASRG procurement requirements are not applicable to charter schools unless the commissioner approved otherwise in the individual contract for the charter. Generally, [TEC §12.1053](#) provisions do not significantly limit the contracting and purchasing activities of open-enrollment charter schools. Open-enrollment charter schools should consult with their legal team to determine if certain state purchasing rules differ for their charter school, based on their charter.]

If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the LEA. [2 CFR §200.320\(a\)\(2\)](#)

Implementation:

The LEA defines small purchases as procurements with a dollar amount less than \$50,000 Board Policy CH(Legal)-P.

Determination of 12-Month Aggregation

Requirement:

[TEC §44.031\(a\)](#) stipulates that school district contracts valued at \$50,000 or ***more in the aggregate for each 12-month period*** should be made by competitive procurement, using the best method in the options identified in the statute.

According to the [Purchasing Module](#) of TEA’s FASRG, it is the responsibility of the school district to determine the method or structure of the aggregation process. Tracking of category spending by the purchasing department is vital.

The term “aggregate” as used in the [TEC §44.031\(a\)](#) can be defined as the total sum of demand for desired or “like” goods and services that in normal purchasing practices would be made in one purchase over a 12-month period for all campuses and departments within the school district. The term “aggregate” is not defined with the chapter of the Texas Education Code (TEC). The definition should be based on the resources available to the district, such as the ability to track purchases within the district’s finance system, either by vendor (not suggested) or by a predetermined set of categories or commodity codes (suggested).

The 12-month period can be calendar year or fiscal year. The district is advised to select the period that best meets its tracking needs.

Implementation:

Refer to the Micro-purchase section under the Informal Procurements section of this manual for information on aggregate spending for “like-type” items as it pertains to micro-purchases.

Formal Procurement Methods (Sealed Bids and Proposals) [2 CFR §200.320\(b\)](#):

Requirement:

When the value of the procurement for property or services under a Federal financial assistance award exceeds the simplified acquisition threshold (SAT), or a lower threshold established by the non-Federal entity, formal procurement methods are required.

In Texas, state law requires competition for contracts valued at \$50,000 or more in accordance with [TEC §44.031 Purchasing Contracts](#). Therefore, the simplified acquisition threshold, currently set at \$250,000, is not applicable for ISDs and certain charter schools.

[TEA's [General and Fiscal Guidelines](#) explain that the FASRG procurement requirements are not applicable to charter schools unless the commissioner approved otherwise in the individual contract for the charter. Generally, [TEC §12.1053](#) provisions do not significantly limit the contracting and purchasing activities of open-enrollment charter schools. Open-enrollment charter schools should consult with their legal team to determine if certain state purchasing rules differ for their charter school, based on their charter.]

Two types of formal procurement methods are applicable under [2 CFR §200.320\(b\)](#): Sealed bids and Proposals. Formal procurement methods require following documented procedures. Formal procurement methods also require public advertising unless a non-competitive procurement can be used.

State Rules regarding Competitive Procurements:

The Texas Education Code, [TEC §44.031](#), lists several methods for competitive procurement. All school district contracts for the purchase of goods and services, except contracts for the purchase of produce or vehicle fuel, valued at \$50,000* or more in the aggregate for each 12-month period shall be made by the method, of the following methods, that provides the best value for the district:

- Competitive bidding for services other than construction services;
- Competitive sealed proposals for services other than construction services;
- A request for proposals, for services other than construction services;
- An interlocal contract;
- A method provided by [Chapter 2269, Government Code](#), for construction services;
- The reverse auction procedure as defined by [Section 2155.062\(d\), Government Code](#); or
- The formation of a political subdivision corporation under [Section 304.001, Local Government Code](#)

*Each contract proposed to be made by a school district for the purchase or lease of one or more school buses, including a lease with an option to purchase, must be submitted to competitive bidding when the contract is valued at \$20,000 or more. [TEC §44.031\(l\)](#)

The Texas [FASRG Purchasing Module](#) recommends that the LEA create procedures for the use of Federal funds for professional services that are based on the following best practices:

- Advertise and receive sealed qualifications packages for professional services whenever practical
- Evaluate and rank the respondents based on their demonstrated competence
- Document in writing the “fair and reasonable price” as determined by budget, comparisons to other districts/agencies, prices previously established with same/similar professionals, historical prices, and/or established market rates.

Federal Regulations Regarding Sealed Bids [2 CFR §200.320\(b\)\(1\)](#):

Sealed bids: A procurement method in which bids are publicly solicited and a firm fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price.

The sealed bids method is the preferred method for procuring construction, if the following conditions apply.

In order for sealed bidding to be feasible, the following conditions should be present:

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

If sealed bids are used, the following requirements apply:

- Bids must be solicited from an adequate number of qualified sources, providing them sufficient response time prior to the date set for opening the bids. Additionally, the bids must be publicly advertised;
- The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
- All bids will be opened publicly at the time and place described in the invitation for bids;
- A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
- Any or all bids may be rejected if there is a sound documented reason

Texas Requirements for Competitive Bidding [TEC §44.0351](#)

Except to the extent prohibited by other law and to the extent consistent with this subchapter, a school district may use competitive bidding to select a vendor as authorized by [TEC 44.031\(a\)\(1\)](#).

Except as provided by this subsection, Subchapter B, Chapter 271, Local Government Code, does not apply to a competitive bidding process under this subchapter. [Sections 271.026](#), [271.027\(a\)](#), and [271.0275](#), Local Government Code, apply to a competitive bidding process under this subchapter.

A school district shall award a competitively bid contract at the bid amount to the bidder offering the best value for the district. In determining the best value for the district, the district is not restricted to considering price alone but may consider any other factors stated in the selection criteria. The selection criteria may include the factors listed in [TEC 44.031\(b\)](#).

Federal Regulations Regarding Proposals [2 CFR §200.320\(b\)\(2\)](#):

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

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

Texas Requirements for Competitive Sealed Proposals [TEC §44.0352](#)

In selecting a vendor through competitive sealed proposals as authorized by [TEC 44.031\(a\)\(2\)](#), a school district shall follow the procedures prescribed by this section.

The district shall prepare a request for competitive sealed proposals that includes information that vendors may require to respond to the request. The district shall state in the request for proposals the selection criteria that will be used in selecting the successful offeror.

The district shall receive, publicly open, and read aloud the names of the offerors and, if any are required to be stated, all prices stated in each proposal. Not later than the 45th day after the date on which the proposals are opened, the district shall evaluate and rank each proposal submitted in relation to the published selection criteria.

The district shall select the offeror that offers the best value for the district based on the published selection criteria and on its ranking evaluation. The district shall first attempt to negotiate a contract with the selected offeror. The district may discuss with the selected offeror options for a scope or time modification and any price change associated with the modification. If the district is unable to negotiate a satisfactory contract with the selected offeror, the district shall, formally and in writing, end negotiations with that offeror and proceed to the next offeror in the order of the selection ranking until a contract is reached or all proposals are rejected.

In determining the best value for the district, the district is not restricted to considering price alone but may consider any other factors stated in the selection criteria.

The District must follow the most restrictive of Federal regulations, State law, and local policy.

Implementation:

The District complies with and implements the requirements for formal procurement methods.

The District follows the FASRG/TEC 44.031 Purchasing Module for competitive procurement procedures.

The District's 12-month fiscal year starts Sept. 1st.

Contractor/Vendor Selection

Requirement:

In accordance with [2 CFR §200.320\(b\)\(2\)\(ii\)](#), the LEA must have a written method for conducting technical evaluations of the proposals received and making selections.

In accordance with [TEC §44.031\(b\)](#), in determining to whom to award a contract, the LEA shall consider:

- The purchase price;
- The reputation of the vendor and of the vendor's goods or services;
- The quality of the vendor's goods or services;
- The extent to which the goods or services meet the LEA's needs;
- The vendor's past relationship with the LEA;
- The impact on the ability of the LEA to comply with laws and rules relating to historically underutilized businesses;
- The total long-term cost to the LEA to acquire the vendor's goods or services;
- For a contract for goods and services, other than goods and services related to telecommunications and information services, building construction and maintenance, or

instructional materials, whether the vendor or the vendor's ultimate parent company or majority owner: has its principal place of business in this state; or employs at least 500 persons in this state;

- Any other relevant factor specifically listed in the request for bids or proposals

Implementation:

The District conducts technical evaluations of the proposals received, and for vendor selection using a scoring checklist. Business Office staff and program personnel perform the evaluation of bids and proposals that relate to the program under their supervision. Awarded proposals are selected for award based on the quality of the proposal's responses to meeting the requirements of the scope of work.

Please see the Oversight and Quality Control section of this manual for additional information.

Noncompetitive Procurement [2 CFR §200.320\(c\)](#):

Requirement:

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

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

- The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold
 - Micro-purchases qualify as noncompetitive procurement since the micro-purchase method does not require quotes or formal competitive procurement
- The item is available only from a single source
 - Sole-source must be proven and adequately documented to justify the purchase is truly only available from one source
 - An affidavit or sole-source letter from the vendor is not sufficient documentation that the item or service is only available from a single source
- The public exigency or emergency for the requirement will not permit a delay resulting from **publicizing** a competitive solicitation
 - The LEA must demonstrate and document that the need was so immediate that **publicizing** through the competitive solicitation process would hinder the rapid resolution of an immediate concern
- The Federal awarding agency or pass-through entity (TEA) expressly authorizes a noncompetitive procurement in response to a written request from the non-Federal entity
 - If the LEA **chooses** to request authorization from TEA to purchase from a vendor without engaging in full and open competition, the LEA must submit either the

“Noncompetitive Procurement (Sole Source)” form or the “Other Noncompetitive Procurement (Not Sole Source) to TEA for prior approval. The forms are located on TEA’s [“Forms for Prior Approval, Disclosure, and Justification”](#) webpage.

- The LEA is not required to request approval from TEA to enter into a noncompetitive procurement. The request for TEA approval is simply one of the circumstances allowable for noncompetitive procurement of federally-funded procurement.
- TEA provides broad, general authorization for goods and services to be purchased by the LEA from an Education Service Center (ESC) as a noncompetitive procurement. The LEA should annually maintain documentation of the prior written approval given to the ESC from TEA, which is typically posted to the ESC website.
- After solicitation of a number of sources, competition is determined inadequate

Solicitation Language

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

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

Contract Cost and Price

[2 CFR §200.324](#)

Requirement:

- The LEA must perform a cost and price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold, including contract modifications. The simplified acquisition threshold for procurement activities administered under Federal awards is set by the FAR (Federal Acquisitions Regulations) at [48 CFR Part 2, subpart 2.1](#). Currently, the simplified acquisition threshold established by the FAR is \$250,000.

- The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the LEA must make independent estimates **before** receiving bids or proposals.
- The LEA must negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.
- Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the LEA under the Federal Cost Principles of [2 CFR Part 200, Subpart E](#). The LEA may reference its own cost principles that comply with the Federal Cost Principles.
- The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

Implementation:

The cost or price analysis is performed during the planning process before receiving competitive bids or proposals.

Generally, a cost analysis is different from a price analysis in that the cost analysis includes analyzing all the various components of the price, which may include labor, materials, profit, and administration. The price analysis, on the other hand, is a review of the total price offered by a vendor and an assessment of whether the price is fair and reasonable.

- Comparing prior bids or prior price quotes
- Comparing published price lists
- Comparing similar items

The analysis may include documented internet searches for such comparisons.

Regardless of the method used, the cost or price analysis must be documented in writing.

Additional Procurement Considerations

Contracting with Small and Minority Businesses, Women’s Business Enterprises, and Labor Surplus Area Firms [2 CFR §200.321](#)

Requirement:

The LEA must take all necessary affirmative steps to assure that minority businesses, women’s business enterprises, and labor surplus area firms are used when possible. Affirmative steps must include:

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

Domestic Preferences for Procurements [2 CFR §200.322](#)

Requirement:

As appropriate and to the extent consistent with law, the LEA 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.

Produced in the United States means, for iron and steel products, that all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States.

Manufactured products means items and construction materials composed in whole or in part of non-ferrous metals such as aluminum; plastics and polymer-based products such as polyvinyl chloride pipe; aggregates such as concrete; glass, including optical fiber; and lumber.

Procurement of Recovered Materials

[2 CFR §200.323](#)

Requirement: A non-Federal entity that is a state agency or agency of a political subdivision of a state and its contractors must comply with section 6002 of the [Solid Waste Disposal Act](#), as amended by the [Resource Conservation and Recovery Act](#). The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at [40 CFR part 247](#) that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

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

- A. are not reasonably available within a reasonable period of time;
- B. fail to meet the performance standards set forth in the applicable specifications or fail to meet the reasonable performance standards of the District; or
- C. are only available at an unreasonable price. Any determination under subparagraph (B) shall be made on the basis of the guidelines of the Bureau of Standards in any case in which the material is covered by the guidelines.

Bonding Requirements

[2 CFR §200.326](#)

Requirement: For construction or facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold (currently set at \$250,000 by the FAR (Federal Acquisitions Regulations) at [48 CFR Part 2, subpart 2.1](#)), the Federal awarding agency or pass-through entity may accept the bonding policy and requirements of the non-Federal entity provided that the Federal awarding agency or pass-through entity has made a determination that the Federal interest is adequately protected.

If such a determination has not been made, the minimum requirements must be as follows:

- A bid guarantee from each bidder equivalent to five percent of the bid price. The “bid guarantee” must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.

- A performance bond on the part of the contractor for 100 percent of the contract price. A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor’s requirements under such contract.
- A payment bond on the part of the contractor for 100 percent of the contracted price. A “payment bond” is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

[Texas Government Code 2253.021](#) requires a performance bond for contracts in excess of \$100,000, and a payment bond if the contract is in excess of \$25,000.

The LEA must follow the most restrictive of Federal regulations, State law, and local policy.

Therefore, the LEA will follow the contract threshold requirements for performance and payment bonds required by the State.

Additional bonding requirements in [Texas Government Code 2253.021 and 2253.022](#) will be followed by the LEA.

Multi-year Contracts: TEA Guidance

Requirement: In accordance with guidance in TEA’s [FAQ – ESSER I, ESSER II, ESSER III](#) document, F-Q13, although multi-year contracts may be signed, under Federal regulations, the LEA may only pay for services as received.

Multi-Year Subscriptions

In accordance with TEA’s [EDGAR FAQ](#) document, Q 7.9-7.10, multi-year subscriptions are generally treated as a contract. The subgrantee may enter into multi-year contracts if it is permissible with the vendor and the subgrantee follows TEA’s [Guidance and Best Practice: Professional Services Contracts](#) recommendations. As with any multi-year contract, the subgrantee may only pay for one year of service per grant year, since the LEA cannot pay for benefits not yet received.

As long as the subgrantee receives the full benefit of the subscription (full access to the service) at the beginning of the grant year, the contract for that grant year may be paid at the beginning of the period of availability. If the subscription contains items that are not all available at the beginning of the service, such as completing one level of the software before the next level is available, then the LEA may only pay for the service that has been invoiced and received during the period of the invoice. In this example, the LEA could not pay for the entire year of the subscription at the beginning of the grant year because the LEA has not received the full benefit (full access).

Contract Prohibitions Suspension and Debarment

[2 CFR §200.214](#)

Requirement: Non-Federal entities are subject to the non-procurement debarment and suspension regulations implementing [Executive Orders 12549](#) and [12689](#), [2 CFR Part 180](#). The regulations in [2 CFR Part 180](#) restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

In accordance with [2 CFR §180.300](#), the LEA must verify that the vendor/contractor/business is not excluded or disqualified. This is done by:

- Checking SAM.gov Exclusions; or
- Collecting a certification from the vendor/contractor/business; or
- Adding a clause or condition to the covered transaction

Implementation: The LEA awards contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

The LEA will not subcontract with or award subgrants to any person or company that is debarred, suspended, or otherwise excluded from doing business with the Federal government.

To ensure compliance, regardless of the dollar amount of the potential procurement, the LEA will search the [SAM.gov](#) website on the day the contract is to be signed to ensure the potential vendor or contractor does not have an active exclusion. The LEA will print the results of the search and keep with the procurement documentation.

The LEA collects certifications from the vendor/contractor/business.

The Business Office performs the search on SAM.gov and the documentation of the search results stored in the Business Office with each vendor's information.

Please see the Contract Provisions section of this manual for additional information.

Never Contract with the Enemy

[2 CFR §200.215](#)

Requirement: Federal awarding agencies and recipients are subject to the regulations implementing Never Contract with the Enemy in [2 CFR Part 183](#). These regulations affect covered contracts, grants, and cooperative agreements that are expected to exceed \$50,000 within the

period of performance, are performed outside the United States and its territories, and are in support of a contingency operation in which members of the Armed Forces are actively engaged in hostilities. 2 CFR § 200.215.

Implementation: The LEA exercises due diligence based on information available to them to ensure none of the funds received under a Federal award are provided directly or indirectly (including through contracts) to a person or entity who is actively opposing the United States or coalition forces as stated in the regulation above.

The LEA ensures compliance with this requirement by conducting a search of the excluded parties list in SAM (www.SAM.gov) Exclusions.

Please see the Suspension and Debarment section of this manual for the LEA's procedures regarding the SAM Exclusions search.

State Prohibition on Contracts with Certain Companies: Iran, Sudan, or a Foreign Terrorist Organization

Requirement: In accordance with [Government Code 2252, Subchapter F](#), the LEA may not enter into a governmental contract with a company that is identified on a list prepared and maintained under Section 806.051 [[Renumbered eff. 5/23/2017](#); [Section 808.051](#), 807.051 [[Tex. Govt Code §807.051 was repealed eff. 5/23/2017](#)], or [2252.153](#).

Definitions according to [Government Code 2252.151](#):

“Foreign terrorist organization” means an organization designated as a foreign terrorist organization by the United States secretary of state as authorized by [8 U.S.C. Section 1189](#).

“Governmental contract” means a contract awarded by a governmental entity for general construction, an improvement, a service, or a public works project or for a purchase of supplies, materials, or equipment. The term includes a contract to obtain a professional or consulting service subject to [Chapter 2254](#).

Implementation: Prior to award, the LEA checks the [Divestment Lists](#) maintained by the Texas Safekeeping Trust Company and posted to the www.Comptroller.Texas.Gov webpage. If the business is in violation, the LEA does not award a contract to that vendor.

State Prohibition on Contracts with Companies Boycotting Israel

Requirement: In accordance with [Government Code 2271](#), if a contract is (1) between a governmental entity and a company with 10 or more full-time employees and (2) have a value of \$100,000 or more that is to be paid wholly or partly from public funds of the governmental entity, then the governmental entity may not contract with a company for goods or services unless the contract contains a written verification from the company that it (1) does not boycott Israel; and (2) will not boycott Israel during the term of the contract.

Definitions according to [Government Code 808.001](#):

“*Boycott Israel*” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

“*Company*” means a for-profit sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations that exists to make a profit.

Implementation: Prior to award, the LEA checks the [Divestment Lists](#) maintained by the Texas Safekeeping Trust Company and posted to the www.Comptroller.Texas.Gov webpage to determine if the potential awardee is on the list of companies that boycott Israel. If the potential awardee is on the list, the LEA does not award a contract to that vendor.

Additionally, the LEA includes in the contract the written verification described in [Government Code 2271](#), as applicable.

Prohibition on Certain Telecommunications and Video Surveillance Services or Equipment 2 [CFR §200.216](#)

Requirement:

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. [In OMB's [2 CFR Frequently Asked Questions](#), published May 03, 2021, Q-48 explains the covered foreign country is The People's Republic of China.]

In implementing the prohibition under [Public Law 115-232, section 889, subsection \(f\), paragraph \(1\)](#), heads of executive agencies administering loan, grant, or subsidy programs shall prioritize available funding and technical support to assist affected businesses, institutions and organizations as is reasonably necessary for those affected entities to transition from covered communications equipment and services, to procure replacement equipment and services, and to ensure that communications service to users and customers is sustained.

In accordance with [OMB's 2 CFR FAQ May 2021](#) document, as with other unallowable costs, covered (prohibited) telecommunications and video surveillance services or equipment costs must not be charged either directly or indirectly to Federal awards.

Implementation:

The LEA ensures compliance with this requirement by conducting a search of the excluded parties list in SAM (www.SAM.gov) Exclusions.

Please see the Suspension and Debarment section of this manual for the LEA's procedures regarding the SAM Exclusions search.

State Enforcement of Purchase Procedures

Requirement:

The Texas Education Code, [TEC §44.032](#), states that an officer, employee, or agent of a school district commits an offense if the person with criminal negligence makes or authorizes separate, sequential, or component purchases to avoid the requirements of [TEC §44.031](#)(a) or (b).

Component purchases means purchases of the component parts of an item that in normal purchasing practices would be purchased in one purchase.

Separate purchases means purchases, made separately, of items that in normal purchasing practices would be purchased in one purchase.

Sequential purchases means purchases, made over a period of time, of items that in normal purchasing practices would be purchased in one purchase.

Implementation:

The Business Office monitors procurements to ensure it does not use component purchases, separate purchases, or sequential purchases to avoid the state requirements of TEC 44.031(a) or (b).

Please see the Determination of 12-Month Aggregation section of this manual for information regarding aggregated procurement expenditures.

Purchasing Cooperatives and Interlocal Agreements

Requirement:

Grantees are encouraged to employ cooperative purchasing procedures when possible to achieve greater economy or efficiency when procuring common or shared goods or services. [2 CFR §200.318\(e\)](#)

In accordance with [Texas Local Government Code §271.102](#), a local government (which includes a school district) may participate in a cooperative purchasing program with another local government of this state or another state or with a legal cooperative organization of this state or another state.

In accordance with [Texas Government Code §791](#), to increase efficiency and effectiveness, local governments are authorized to contract, with the greatest possible extend, with one another and with agencies of the state.

In accordance with [TEC §44.0331](#), an LEA that enters into a purchasing contract valued at \$25,000 or more under certain cooperative purchasing contracts must document any contract-related fee, including management fee, and the purpose of each fee under the contract. The amount, purpose, and disposition of any fee must be presented in a written report annually as an agenda item in an open meeting of the board of trustees of the school district.

For purchases with Federal funds, the LEA must ensure the purchasing cooperative is compliant with EDGAR procurement regulations and standards and in particular with the cost or price analysis requirement for procurements that exceed the simplified acquisition threshold, currently set at \$250,000 by the FAR (Federal Acquisitions Regulations) at [48 CFR Part 2, subpart 2.1](#).

Implementation:

The LEA will follow the state regulations in the Texas Government Code and Texas Local Government Code notated above.

The Business Office ensures compliance with the TEC 44.0331 requirements regarding fees associated with cooperative purchasing contracts.

The LEA obtains confirmation that the purchasing cooperative is compliant with EDGAR procurement regulations by obtaining a signed certification statement or email from the purchasing cooperative that it followed EDGAR rules. If the purchasing cooperative posts its compliance certification to its website, the Business Office will download a copy of that posting and ensure it is dated and current, not more than one year old. If the posted compliance certification is not updated annually, Business Office staff will ask the cooperative for a current compliance verification.

If the purchasing cooperative does not meet all EDGAR procurement requirements applicable to the type of purchase, the LEA will perform the necessary action to ensure all compliance requirements are met. For example, if the procurement exceeds \$250,000 and the purchasing cooperative did not perform a cost or price analysis in compliance with [2 CFR §200.324](#), the LEA will perform a cost or price analysis prior to the purchase.

Board Policy CH(Legal)-P The District may participate in a cooperative purchasing program with another local government of this state or another state or with a local cooperative organization of this state or another state. The District will sign an agreement with another participating local government or a local cooperative organization stating that the district will:

1. Designate a person to act under the direction of, or on behalf of, the district in all matters relating to the program;
2. Make payments to another participating local government or local cooperative organization or directly to a vendor under a contract made under these provisions, as provided in the

agreement between the participating local governments or between a local government and a local cooperative organization; and

3. Be responsible for the vendor's compliance relating to the quality of items and terms of delivery, to the extent provided in the agreement between the participating local governments or between a local government and a local cooperative organization

Construction

Requirement:

Although typically unallowable with Federal education awards, some Federal programs allow construction. General procurement requirements are outlined in [2 CFR §§200.318-200.327](#).

Construction with Federal funds require prior written approval from TEA. For some Federal grants, this requirement for prior written approval also pertains to remodeling and renovations. The terms and conditions of the grant and program guidelines will provide information on the types of procurements that require prior written approval.

[34 CFR §76.600](#) stipulates that an LEA that requests program funds for construction, or whose grant or subgrant includes funds for construction, shall comply with the rules on construction that apply to applicants and grantees under [34 CFR §§75.600-75.617](#), as outlined below.

Assessment of Environmental Impact [34 CFR §75.601](#)

An applicant shall include with its application its assessment of the impact of the proposed construction on the quality of the environment in accordance with [section 102\(2\)\(C\) of the National Environmental Policy Act of 1969](#) and [Executive Order 11514](#) (34 FR 4247).

Preservation of Historic Sites [34 CFR §75.602](#)

An applicant shall describe in its application the relationship of the proposed construction to and probable effect on any district, site, building, structure, or object that is:

- Included in the [National Register of Historic Places](#); or
- Eligible under criteria established by the Secretary of Interior for inclusion in the National Register of Historic Places (Reference [36 CFR §60.4](#) for these criteria)

Grantee's Title to Site [34 CFR §75.603](#)

A grantee must have or obtain a full title or other interest in the site, including right of access, that is sufficient to insure the grantee's undisturbed use and possession of the facilities for 50 years or the useful life of the facilities, whichever is longer.

Availability of Cost-Sharing Funds [34 CFR §75.604](#)

A grantee shall ensure that sufficient funds are available to meet any non-Federal share of the cost of constructing the facility.

Beginning the Construction [34 CFR §75.605](#)

A grantee shall begin work on construction within a reasonable time after the grant for the construction is made. Before construction is advertised or placed on the market for bidding, the grantee shall get approval by the Secretary of the final working drawings and specifications.

Completing the Construction [34 CFR §75.606](#)

A grantee shall complete its construction within a reasonable time. The grantee shall complete the construction in accordance with the application and approved drawings and specifications.

General Considerations in Designing Facilities and Carrying out Construction [34 CFR §75.607](#)

A grantee shall insure that the construction is functional, economical, and not elaborate in design or extravagant in the use of materials, compared with facilities of a similar type constructed in the State or other applicable geographic area.

The grantee shall, in developing plans for the facilities, consider excellence of architecture and design and inclusion of works of art. The grantee may not spend more than one percent of the cost of the project on inclusion of works of art.

Areas in the Facilities for Cultural Activities [34 CFR §75.608](#)

A grantee may make reasonable provision, consistent with the other uses to be made of the facilities, for areas in the facilities that are adaptable for artistic and other cultural activities.

Comply with Safety and Health Standards [34 CFR §75.609](#)

In planning for and designing facilities, a grantee shall observe:

- The standards under the [Occupational Safety and Health Act of 1970](#) (Pub. L. 91-576 (See 36 CFR part 1910); and
- State and local codes, to the extent that they are more stringent

Access by the Handicapped [34 CFR §75.610](#)

A grantee shall comply with the Federal regulations on access by the handicapped that apply to construction and alteration of facilities. These regulations are:

- For residential facilities: [24 CFR part 40](#); and
- For non-residential facilities: [41 CFR subpart 101-19.6](#) [Refer to [41 CFR §102-76.65](#)]

Avoidance of Flood Hazards [34 CFR §75.611](#)

In planning the construction, a grantee shall, in accordance with the provisions of [Executive Order 11988 of February 10, 1978](#) (43 FR 6030) and rules and regulations that may be issued by the Secretary to carry out these provisions:

- Evaluate flood hazards in connection with the construction; and
- As far as practicable, avoid uneconomic, hazardous, or unnecessary use of flood plains in connection with the construction.

Supervision and Inspection by the Grantee [34 CFR §75.612](#)

A grantee shall maintain competent architectural engineering supervision and inspection at the construction site to insure that the work conforms to the approved drawings and specifications.

Relocation Assistance by the Grantee [34 CFR §75.613](#)

A grantee is subject to the regulations on relocation assistance and real property acquisition in [34 CFR part 15](#)

Grantee Must Have Operational Funds [34 CFR §75.614](#)

A grantee shall insure that, when construction is completed, sufficient funds will be available for effective operation and maintenance of the facilities.

Operation and Maintenance by the Grantee [34 CFR §75.615](#)

A grantee shall operate and maintain the facilities in accordance with applicable Federal, State, and local requirements.

Energy Conservation [34 CFR §75.616](#)

To the extent feasible, a grantee shall design and construct facilities to maximize the efficient use of energy.

The following standards of the American Society of Heating, Refrigerating, and Air Conditioning Engineers ([ASHRAE](#)) are incorporated by reference in this section:

- ASHRAE-90 A-1980 (Sections 1-9)
- ASHRAE-90 B-1975 (Sections 10-11)
- ASHRAE-90 C-1977 (Section 12)

A grantee shall comply with ASHRAE standards listed above in designing and constructing facilities built with project funds.

Compliance with the Coastal Barrier Resources Act [34 CFR §75.617](#)

A recipient may not use, within the [Coastal Barrier Resources System](#), funds made available under a program administered by the Secretary for any purpose prohibited by [31 U.S.C. chapter 55 \(sections 3501-3510\)](#).

State Rules Regarding Construction Services and Maintenance Services

Requirement:

According to TEA's Purchasing Module of the Financial Accountability System Resource Guide ([FASRG](#)), construction services must be procured using one of the methods set out in the [Texas Government Code, Chapter 2269](#).

These services include both traditional construction and contracts to alter or repair a building.

Contracts for construction services are subject to state laws. Please see the Contract Provisions section of this manual for information.

Maintenance services are defined as ordinary upkeep or repairs necessary to preserve something in good condition. Maintenance services can also be to "keep up, keep from change; preserve" a building and its components, including "ordinary repairs necessary and proper from time to time for that purpose. Maintenance services may be procured using one of the methods set forth in [TEC §44.031\(a\)](#), or through the Job Ordering Contracting (JOC) method set forth in the [Texas Government Code, Chapter 2269](#). JOC is a procurement method used for maintenance, repair, alteration, renovation, remediation, or minor construction of a facility when the work is of a recurring nature by the delivery times, and type and quantities of work required are indefinite. If a specific project utilizing the JOC method is \$500,000 or greater, it must be approved by the district's board. The district should establish the maximum aggregate contract price when it advertises the proposal.

Contract Provisions

Requirements:

Federal Requirements for Contracts

In accordance with [2 CFR §200.327](#), the LEA's contracts must contain the applicable provisions described in [Appendix II](#) in CFR Part 200.

- Contracts for more than the simplified acquisition threshold, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by [41 U.S.C. 1908](#), must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms,

and provide for such sanctions and penalties as appropriate. The current simplified acquisition threshold is \$250,000.

- All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity, including the manner by which it will be effected [executed] and the basis for settlement.
- **Equal Employment Opportunity.** Except as otherwise provided under [41 CFR Part 60](#), all contracts that meet the definition of “federally assisted construction contract” in [41 CFR Part 60-1.3](#) must include the equal opportunity clause provided under [41 CFR §60.1-4\(b\)](#), in accordance with [Executive Order 11246](#), “Equal Employment Opportunity” ([30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p.339](#)), as amended by [Executive Order 11375](#), “Amending Executive Order 11246 Relating to Equal Employment Opportunity,” and implementing regulations at [41 CFR part 60](#), “Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor.”
- **Davis-Bacon Act, as amended** ([40 U.S.C. 3141-3148](#)). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act ([40 U.S.C. 3141-3144, and 3146-3148](#)) as supplemented by Department of Labor regulations ([29 CFR Part 5, “Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction”](#)). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland “Anti-Kickback” Act ([40 U.S.C. 3145](#)), as supplemented by Department of Labor regulations ([29 CFR Part 3, “Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States”](#)). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.
- **Contract Work Hours and Safety Standards Act** ([40 U.S.C. 3701-3708](#)). Where applicable, all contracts awarded by the non-Federal entity in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with [40 U.S.C. 3702 and 3704](#), as supplemented by Department of Labor regulations ([29 CFR Part 5](#)). Under

[40 U.S.C. 3702](#) of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of [40 U.S.C. 3704](#) are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

- **Rights to Inventions Made Under a Contract or Agreement.** If the Federal award meets the definition of “funding agreement” under [37 CFR §401.2 \(a\)](#) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that “funding agreement,” the recipient or subrecipient must comply with the requirements of [37 CFR Part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,”](#) and any implementing regulations issued by the awarding agency.
- **Clean Air Act** ([42 U.S.C. 7401-7671q.](#)) and the Federal Water Pollution Control Act ([33 U.S.C. 1251-1387](#)), as amended—Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act ([42 U.S.C. 7401-7671q](#)) and the Federal Water Pollution Control Act as amended ([33 U.S.C. 1251-1387](#)). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).
- **Debarment and Suspension** ([Executive Orders 12549](#) and [12689](#))—A contract award (see [2 CFR 180.220](#)) must not be made to parties listed on the governmentwide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at [2 CFR 180](#) that implement [Executive Orders 12549](#) (3 CFR part 1986 Comp., p. 189) and [12689](#) (3 CFR part 1989 Comp., p. 235), “Debarment and Suspension.” SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than [Executive Order 12549](#).
- **Byrd Anti-Lobbying Amendment** ([31 U.S.C. 1352](#)) Contractors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered

by [31 U.S.C. 1352](#). Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.

- See [2 CFR §200.323](#) Procurement of recovered materials
- See [2 CFR §200.216](#) Prohibition on certain telecommunications and video surveillance services or equipment
- See [2 CFR §200.322](#) Domestic preferences for procurements. According to TEA's [FAQ – ESSER I, ESSER II, ESSER III document](#), GR-Q10, the LEA must include this domestic preference in all subawards, contracts, and purchase orders.

State Required and Suggested Contract Provisions: [FASRG Purchasing Module](#)

Texas law mandates that certain contract provisions be included in some, if not all, vendor contracts. Additional provisions that are in the best interest of the LEA should be included as well. An LEA should review all solicitations to ensure that its best interest is covered within all provisions.

Verbal agreements are not binding. If a particular requirement is necessary for the delivery of goods or performance of a service, the LEA should include the requirements as part of the written agreement. Note that all agreed to provisions are enforceable in a court of law or binding in arbitration as a waiver of immunity. Something as simple as an email between both parties can be binding.

The LEA should consult with legal counsel all provisions before they become formal through an executed agreement.

Refer to the following for additional information and requirements:

- [TEC §44.034](#)
- [Texas Government Code §808.001\(2\)](#)
- [Texas Government Code §2270.002](#)
- [Texas Business and Commerce Code, Chapter 322](#)
- [Texas Government Code §§2252.152-2252.154](#)
- [FASRG Purchasing Module, sections 3.26 through 3.28](#)

Please see Contract Prohibitions section of this manual for additional provisions to include in contracts.

State Guidance and Best Practices for Professional Services Contracts

The Texas Education Agency requires all professional services contracts be effective only during the period of availability of the funds identified in the Notice of Grant Award (NOGA). However, subgrantees may negotiate contracts prior to the effective date of the contract.

This guidance is provided solely to assist the subgrantee in identifying key issues to consider regarding allowable uses of funds as it relates to professional services contracts. This guidance does not replay the advice of a subgrantee's legal counsel. Implementing best practices outlined below will assist grantees in avoiding potential audit/monitoring findings. For specific clarifications, subgrantees should contact their legal counsel.

- A letter of intent to contract with a third party may be signed prior to the issuance of a NOGA
 - The letter of intent should contain a provision that the future contract is contingent upon receipt of the specific NOGA
 - Execute the contract after the NOGA is issued
- When negotiating to sign a contract before the receipt of the NOGA, the contract should contain the following provisions:
 - The contract is only effective upon receipt by the subgrantee 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 in 2 CFR part 200 are followed in issuing the contract
 - All professional services provided under the contract will follow the provisions of [2 CFR §200.459](#) Professional service costs
 - The contract identifies the funding sources that will be charged for the services provided, including the specific amount and/or percentage of the total contract amount to be charged to each funding source
 - The contract identifies and lists only reasonable, necessary, and allocable services to be provided during the period of availability of the funding sources listed in the contract
 - 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.

State Requirements for Contracts for Construction Services

Contracts for construction services are subject to laws applicable to public works, including but not limited to:

- Prevailing wages ([Texas Government Code, Chapter 2258](#));
- Payment and performance bonds ([Texas Government Code, Chapter 2253](#));
- Mandatory workers' compensation coverage for laborers ([Texas Labor Code, §406.096](#)); and
- Requirements related to the use of licensed architects and engineers (e.g., [Texas Occupations Code, §§1001.407, 1001.053, and 1051.703](#))

Implementation:

Refer to Board Policy CV (Legal)-P

Oversight and Quality Control

Procurement Records

Requirement:

The LEA must maintain records sufficient to detail the history of procurement. [2 CFR §200.318\(i\)](#)

Implementation:

The LEA maintains the following procurement records:

- Rationale for method of procurement
- Required documentation related to the specific method of procurement
- Selection of contract price
- Contractor selection or rejection
- Basis for contract price
- Detailed ledger including at a minimum:
 - Reference number (e.g., check number, PO number, Journal voucher number)
 - Transaction Date
 - Vendor Name
 - Transaction Description
 - FASRG account codes
 - Commodity codes (i.e., codes to calculate aggregate costs)
 - Appropriations, encumbrances, final balances
- Transaction records, including at a minimum:
 - Copy of the internal accounting records (PO)

- Complete itemized third-party documents (invoices, receipts, billing statements, etc.)
- Contracts, agreements

Procurement records are maintained at the Business Office.

Vendor Selection

Requirement:

The LEA awards contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. [2 CFR §200.318\(h\)](#)

Implementation:

The LEA considers the following when determining contractor selection:

- Reputation for responsibility and integrity
- Reputation of the vendor's goods or services
- Ability to meet the terms and conditions of the procurement
- Compliance with public policy
- Record of past performance
- Vendor's past relationship with the LEA
- Financial and technical resources
- Not suspended or debarred or otherwise excluded from or ineligible for participation in federal assistance programs or activities

Please see the Contractor/Vendor Selection section under Formal Procurement Methods, Proposals section for additional information on criteria for vendor selection.

Please see the Contract Prohibitions section for information on prohibited contracts and suspension and debarment.

Vendor Oversight

Requirement:

The LEA must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. [2 CFR §200.318\(b\)](#)

Implementation:

Refer to [Purchasing Module 5, 3.6.2 of the FASRG](#).

The LEA will consider the following when performing oversight over the vendor's performance:

- Review of compliance with contractual terms for prices

- Analysis of timeliness and accuracy of product delivery
- Service availability
- Completeness and accuracy of order
- Responsiveness to problems
- Quality and reliability of products or services received

Whenever problems are encountered with a vendor (i.e., a vendor fails to deliver certain items or delivery does not meet specifications), the LEA documents the problem, noting the date and including an accurate description of the problem. The vendor is then contacted and told specifically how the LEA wants the problem corrected. The LEA keeps a record of all contact, including the dates and what was discussed. If the problem is not resolved or continues, written notification to the vendor states the problem, the corrective action required, and that the vendor's failure to correct the problem will be considered a breach of contract and could result in the cancellation of the contract. The district will seek legal advice for this step. This record of information about vendor performance is very important in the evaluation of the vendor. If significant problems are encountered with the vendor, the LEA consults with legal counsel concerning the removal of the vendor from the contracted vendor list and discontinuing any business with the vendor for a legally allowable period of time.

Rationale for Procurement Method and Type of Contract

Requirement:

Procurement records must include: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. [2 CFR §200.318\(i\)](#)

Implementation:

Rationale for method of procurement:

The Business Office will review the cost, nature, and scope of the expenditure or work to be performed prior to selecting a procurement method.

Selection of contract type:

The Business Office will determine the appropriate contract type for the procurement.

Contractor selection or rejection:

Please see the Vendor Selection and Vendor Oversight in this section of the manual.

Basis for contract price:

The district will consider the price reasonable and necessary based on a comparison of other price quotes and/or fair market value.

Please also see the Determination of Allowability of Costs section and the Contract Cost and Price section of this manual for additional information.

Ensuring Availability of Funds

The Business Office will determine if funds are available for a formal solicitation before the contract is initiated.

Miscellaneous Assurances

The Business Office will ensure and monitor the use of contracted vendors according to prequalified lists, purchasing cooperatives, prohibited vendors, etc. The Executive Director of Financial Services will ensure legal compliance with bid, proposal, and quotation requirements.

Purchasing Controls

Requirement:

The LEA needs a strong control environment in which to perform the purchasing function.

Roles and related responsibilities must be clearly defined in policies and procedures and adapted to meet the unique operating environment of the LEA. Purchasing staff and users should be trained in the procurement standards and procedures and must adhere to the requirements. Segregation of duties is a vital component of internal control to assist in the prevention and mitigation of error, fraud, waste, and abuse. The LEA should perform oversight and monitoring to ensure processes are followed and implemented. [Purchasing Module of TEA's FASRG](#)

Purchasing Roles

Requirement:

Segregation of duties is a vital component of internal control to assist in the prevention and mitigation of error, fraud, waste, and abuse.

Implementation:

The LEA uses a centralized purchasing process. See pages 21-22 for more information on segregation of duties.

Training and Staff Development

Requirement:

The LEA should provide for purchasing training and staff development. This training also extends beyond the professional staff to include other staff who are often involved either directly or indirectly in the purchasing process.

Trainings will be ongoing and relevant to the role of the employee and provide updates to changes in relevant statutes and purchasing practices. [Purchasing Module of TEA's FASRG](#)

Implementation:

Annual training calendar will developed that may include, but is not limited to, topics in the following areas:

- Account coding
- Payroll and Human Resources compliance issues
- PEIMS Data reporting and quality
- GASB
- Audit requirements
- Legal changes such as purchasing requirements
- State and federal grants management
- Data system (software)
- Travel guidelines
- Other job-related training

Additional training requests will be submitted to the Executive Director of Financial Services for review and approval. Other critical training areas may include:

- Activity account management
- Budget development process
- Cash management

Control Environment

Requirement:

Expenditure of public money requires a strong control environment.

The following items described in the [Purchasing Module of TEA's FASRG](#) should be present in the purchasing control environment:

- Supervision of purchasing process. Vigilance in the supervision of the entire purchasing function on a daily basis is essential.
- Approval of purchase requisitions at the campus and departmental levels. The campus or department administrator should review for need and approve purchase requisitions before they are submitted to the centralized purchasing department for processing. If available, the budget manager should verify funds are available before any procurement action is taken.
- Approval of purchase orders. The purchasing director or other designated official should review for compliance before approving purchase orders for issuance to vendors. If a purchase is to be federally funded, approval should first be obtained from a special programs administrator.
- Segregation of duties among purchasing and accounting personnel. The purchasing director, finance director, and superintendent are responsible for ensuring that duties among purchasing and accounting personnel are properly segregated (to the degree possible) to provide an environment with checks and balances.
- Maintenance of purchasing files and records. Purchasing clerks should be trained and supervised so that purchasing files and records are complete and maintained in an orderly fashion for the period required by law.
- Control over incoming merchandise. Receiving personnel (either centralized or decentralized) should be trained and monitored to ensure that the proper procedures are followed with incoming merchandise (i.e., the counting and inspection of merchandise received, and the completion of receiving reports).
- Verification of invoices with purchase orders and receiving reports. Although receiving personnel are responsible for the initial verification of invoices, accounting personnel verify that the invoice, purchase order, and receiving report match before presenting the invoice for approval for payment.
- Verification of delivery. The requesting campus or department is responsible for ensuring that the order agrees with its original purchase order.
- Internal review of the purchasing process. An internal review of the purchasing process should be performed periodically. This review usually is made by the district's internal audit department and ensures that purchasing policies and procedures are being followed by district personnel.
- Vendor Relations. The district must ensure all potential conflict of interest are identified prior to any purchases involving a district employee and vendor. All vendors should be handled at arm's length so no impression of improprieties exist.

Purchasing Cards and Gift Cards

According to the [Purchasing Module of TEA's FASRG](#), purchasing cards can provide efficiency, transparency, and security when utilized correctly. A purchasing card should be considered a payment mechanism, not a purchasing method. If managed well with the right controls in place to ensure compliance with purchasing guidelines and card usage, a purchasing card program can be beneficial to an LEA.

Requirement:

To avoid fraud and waste, purchasing cards must be controlled closely. Enough controls must be in place to limit or remove any potential misuse, malicious or not, by cardholders. These controls should be cross-departmental to allow for a continual check and balance of the program and purchases made. [Purchasing Module of TEA's FASRG](#)

Implementation:

The LEA does **not** authorize the purchase or use of **gift cards** with Federal funds because they lack adequate accountability for ensuring allowable use of Federal funds.

Refer to section 3.50 in Purchasing Module of TEA's FASRG, for purchasing card procedures, including controls, management and policies, segregation of duties, monitoring and oversight, and repercussions for misuse.

Standards of Conduct Covering Conflicts of Interest

2 CFR §200.318(c)

Requirement: The LEA must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of contracts.

No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest.

Such a conflict of interest would arise when the employee, officer, agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

If the non-Federal entity has a parent, affiliate, or subsidiary organization that is not a State, local government, or Indian tribe, the non-Federal entity must also maintain written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest means that

because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.

Implementation: Please refer to the remainder of this section for ethics standards and actions to be taken in regards to real or apparent conflict of interest.

Staff who are responsible for selecting and approving vendor contracts receive training on conflict of interest.

Purchasing Ethics Standards [Purchasing Module from TEA's FASRG:](#)

The competitive nature of the public purchasing arena and the expenditure of significant amounts of public funds require that ethical standards be incorporated into the foundation of all purchasing functions. Purchasing personnel and school district staff face the difficult task of developing good vendor relations and encouraging vendor competition while avoiding even the appearance of favoritism or other ethical misconduct.

Ethics relating to conflicts of interest, financial interests in firms conducting business with the school district, kickbacks and gratuities, and improper use of a position or confidential information should be clearly communicated throughout the school district. Additionally, school district personnel should be made aware of the penalties for violations of purchasing laws and ethics, which may include criminal prosecution and loss of employment opportunities. Personnel considered held to the highest standards include board trustees, superintendents, or other person designated as an executive officer of the district, and any employees or agents who exercise discretion in the planning, recommending, selecting, or contracting of a vendor.

Areas to consider within the district include the following:

- School district staff should be familiar with the numerous district policies related to conflict of interest and ethical behaviors.
 - Annual review of these policies is suggested and should be included in training for new employees.
 - All employees that have a role in the purchasing process should be reminded annually to complete conflict of interest forms if a conflict exists. Any forms with a conflict should be reviewed by the appropriate level of personnel. All completed conflict of interest questionnaire/conflict of interest statement (CIQ/CIS) forms showing a conflict must be posted online.

- Know and obey the letter and spirit of laws governing the purchasing function and remain alert to the legal ramifications of purchasing decisions.
- Discourage purchasing involvement in employer-sponsored programs of personal purchases that are not business related.
- Avoid the appearance of unethical or compromising practice in relationships, actions, and communications.
- Refrain from any private business or professional activity that would create a conflict between personal interests and those of your employer.
- Refrain from soliciting or accepting money, loans, credits, discounts, gifts entertainment, favors, or services from present or potential suppliers.
- Do not accept any gift unless allowable by district policy.
- Handle confidential or proprietary information with due care and proper consideration of ethical and legal ramifications and governmental regulations.
- Promote positive supplier relationships through courtesy and impartiality

Common Standards of Ethics to Govern the Conduct of Employees Involved in the Purchasing Function [Purchasing Module from TEA's FASRG:](#)

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

- It is a breach of ethics to attempt to realize personal gain through public employment with a school district by any conduct inconsistent with the proper discharge of the employee's duties.
- It is a breach of ethics to attempt to influence any public employee of a school district to breach the standards of ethical conduct set forth in this code.
- It is a breach of ethics for any employee of a school district to participate directly or indirectly in a procurement when the employee knows that:
 - the employee or any member of the employee's immediate family has a financial interest pertaining to the procurement;
 - a business or organization in which the employee, or any member of the employee's immediate family, has a financial interest pertaining to the procurement; or
 - any other person, business, or organization with whom the employee or any member of the employee's immediate family is negotiating or has an arrangement concerning prospective employment is involved in the procurement.
- It is a breach of ethics to offer, give, or agree to give any employee or former employee of a school district, or for any employee or former employee of a school district to solicit, demand, accept, or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation of any part of a program requirement or purchase request, influencing the content of any specification or

procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim, or controversy, or other particular matter pertaining to any program requirement or a contract or subcontract, or to any solicitation or proposal therefore pending before this government. Acceptance of gratuities may be construed as a criminal offense.

- It is a breach of ethics for any payment, gratuity, or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor for any contract of a school district, or any person associated therewith, as an inducement for the award of a subcontract or order.
- The prohibition against gratuities and kickbacks prescribed above should be conspicuously set forth in every contract and solicitation therefore.
- It is a breach of ethics for any employee or former employee of a school district knowingly to use confidential information for actual or anticipated personal gain, or for the actual or anticipated gain of any person.

The Comptroller has published purchasing guidance, titled the [State of Texas Procurement and Contract Management Guide](#), that includes related ethics information. The Texas [Local Government Code, Chapter 176](#), provides information regarding conflict of interest statements to be filed by vendors and certain school district employees. Refer to the [Texas Ethics Commission](#) for additional information and sample conflict of interest forms.

If a school district board member or other official has a substantial interest in a procurement, that person shall abstain from discussion and decisions regarding the award of the procurement contract. (See the Texas [Local Government Code, Chapter 171](#), for definition of substantial interest.) In addition, the board member should disclose this substantial interest by filing an affidavit with the district.

Actions to be Taken for Real or Apparent Conflict of Interest

Requirement: Conflict of interest statements must be filed by vendors and certain LEA officials and employees if a real or potential conflict of interest exists.

The LEA will follow the requirements of [Local Government Code Chapter 176](#) and [Local Government Code Chapter 171](#) regarding conflict of interest statements and reporting. The LEA will also refer to the [Texas Ethics Commission](#) website for additional information and sample forms.

Implementation: Board Member: If a *board member* or member of their immediate family has a financial interest in a business entity(s), they are required to disclose this relationship through the execution of an affidavit, submitted to CSCISD's Business Office.

[Local Government Codes §171](#) and [§176](#) provide information regarding disclosure requirements.

If the LEA receives a conflict of interest disclosure statement with identified conflicts, TEA will be notified. See the Conflict of Interest and Mandatory Disclosures section of this manual for information on the submittal to TEA.

Local Government Officer:

A *local government officer* shall file a conflicts disclosure statement with respect to a vendor if: (1) the vendor enters into a contract with the LEA or the LEA is considering entering into a contract with the vendor; and (2) the vendor (A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the officer becomes aware that: (i) a contract between the LEA and vendor has been executed; or (ii) the LEA is considering entering into a contract with the vendor; (B) has given to the local government officer or family member of the officer one or more gifts that have an aggregate value of more than \$100 in the 12-month period preceding the date the officer becomes aware that: (i) a contract between the LEA and vendor has been executed; or (ii) the LEA is considering entering into a contract with the vendor; or (C) has a family relationship with the local government officer.

A local government officer is not required to file a conflicts disclosure statement in relation to a gift accepted by the officer or a family member of the officer if the gift is: (1) a political contribution as defined by [Title 15, Election Code](#); or (2) food accepted as a guest. A local government officer is not required to file a conflicts disclosure statement if the LEA or vendor is an administrative agency created under [Section 791.013, Government Code](#).

A local government officer shall file the conflicts disclosure statement with the records administrator of the LEA not later than 5 p.m. on the seventh business day after the date on which the officer becomes aware of the facts that require the filing of the statement.

The conflicts disclosure statement must include: (1) a requirement that each local government officer disclose: (A) an employment or other business relationship described above, including the

nature and extent of the relationship; and (B) if the aggregate value of the gifts accepted by the officer or a family member from that vendor exceeds \$100; (2) an acknowledgment from the local government officer that: (A) the disclosure applies to each family member of the officer; and (B) the statement covers the 12-month period described above; and (3) the signature of the local government officer acknowledging that the statement is made under oath under penalty of perjury. [Local Government Code Chapter 176.003](#)

If the LEA receives a conflicts disclosure statement, TEA will be notified.

See the Conflict of Interest and Mandatory Disclosures section of this manual for information on the submittal to TEA.

Vendor:

A *vendor* shall file a completed conflict of interest questionnaire if the vendor has a business relationship with an LEA and: (1) has an employment or other business relationship with a local government officer of that LEA, or a family member of the officer, described in [Local Government Code §176.003\(a\)\(2\)\(A\)](#); (2) has given a local government officer of that LEA, or a family member of the officer, one or more gifts with the aggregate value specified by [Local Government Code §176.003\(a\)\(2\)\(B\)](#), excluding any gift described by [Local Government Code §176.003\(a-1\)](#); or (3) has a family relationship with a local government officer of that LEA.

The completed conflict of interest questionnaire must be filed with the appropriate records administrator not later than the seventh business day after the later of: (1) the date that the vendor: (A) begins discussions or negotiations to enter into a contract with the LEA; or (B) submits to the LEA an application, response to a request for proposals or bids, correspondence, or another writing related to a potential contract with the LEA; or (2) the date the vendor becomes aware: (A) of an employment or other business relationship with a local government officer, or a family member of the officer, described in [Local Government Code §176.001](#); or (B) that the vendor has given one or more gifts described by [Local Government Code §176.001](#); or (C) of a family relationship with a local government officer.

The conflicts disclosure statement must: (1) describe each employment or business and family relationship the vendor has with each local government officer of the LEA; (2) identify each employment or business relationship described above with respect to which the local government officer receives, or is likely to receive, taxable income, other than investment income, from the vendor; (3) identify each employment or business relationship described above with respect to which the vendor receives, or is likely to receive, taxable income, other than investment income,

that: (A) is received from, or at the direction of, a local government officer of the LEA; and (B) is not received from the LEA; and (4) describe each employment or business relationship with a corporation or other business entity with respect to which a local government officer of the LEA: (A) serves as an officer or director; or (B) holds an ownership interest of one percent or more.

A vendor shall file an updated completed questionnaire with the appropriate records administrator not later than the seventh business day after the date on which the vendor becomes aware of an event that would make a statement in the questionnaire incomplete or inaccurate.

[Local Government Code Chapter 176.006](#)

If the LEA receives a conflicts disclosure statement, TEA will be notified.

See the Conflict of Interest and Mandatory Disclosures section of this manual for information on the submittal to TEA.

Employee:

The *employee* shall disclose in writing to his or her immediate supervisor when a personal financial interest, a business interest, or any other obligation or relationship that in any way creates a real or potential conflict of interest with the proper discharge of assigned duties and responsibilities or that creates a potential conflict of interest with the best interest of the LEA. In the case that the individual receiving the report is also involved in the potential conflict, the disclosure should be submitted to District's Business Office.

The disclosure is then forwarded to the LEA's designated records administrator.

If the LEA receives a conflicts disclosure statement, TEA will be notified.

See the Conflict of Interest and Mandatory Disclosures section of this manual for information on the submittal to TEA.

Removal from the Procurement Transaction

Requirement:

Board members, other officials, and employees with a conflict of interest or potential conflict of interest with the vendor being considered, or whose family members have a conflict of interest or potential conflict of interest with the vendor being considered for a procurement, shall:

- Abstain and recuse themselves from voting on award of the contract

- Abstain and recuse themselves from discussion and decisions regarding the award of the contract
- Not participate in the selection, award, or administration of the contract

Implementation:

An employee, officer, agent, or board member will be removed from discussions and decisions regarding a procurement transaction if there is a conflict of interest or upon notice of a conflict of interest.

Vendor Gifts

Requirement:

LEA officials and employees cannot accept anything of value from a vendor, such as personal gifts or gratuities, directly or indirectly, because it may be construed to have been given to influence the purchasing process. Although such practices may be legitimate and generally accepted in the private sector, giving and receiving gifts in the public sector may constitute a violation of law.

The [Texas Penal Code, Chapter 36](#), provides information about violations of corrupt influence. A public servant who exercises discretion in connection with contracts, purchases, payments, claims, or other pecuniary transactions of government commits an offense if he solicits, accepts, or agrees to accept any benefit from a person the public servant knows is interested in or likely to become interested in any contract, purchase, payment, claim, or transaction involving the exercise of his discretion. A person commits a Class A misdemeanor offense if he offers, confers, or agrees to confer any benefit on a public servant that he knows the public servant is prohibited by law from accepting. [Purchasing Module from TEA's FASRG](#)

The officers, employees, and agents of the non-Federal entity may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, non-Federal entities may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. [2 CFR §200.318\(c\)\(1\)](#)

Disciplinary Actions for Violations of Standards of Conduct Covering Conflicts of Interest:

Requirement: The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity. [2 CFR §200.318\(c\)\(1\)](#)

Penalties, sanctions, or other disciplinary actions for violations of standards of conduct will be in accordance and to the extent permitted under State and local law. Penalties for violations of

purchasing laws and ethics may include criminal prosecution and loss of employment opportunities.

Implementation: The LEA will follow the enforcement requirements of [Local Government Code Chapter 176](#), [Texas Penal Code, Chapter 36](#), and [TEC §44.032](#) for local government officers, employees, and vendors who violate the procurement standards of conduct and conflict of interest requirements.

Please see the State Enforcement of Purchase Procedures section under the Contract Prohibitions section of this manual for additional information.

Definitions Pertaining to Standards of Conduct Covering Conflicts of Interest:

The following definitions apply to the LEA’s Standards of Conduct Covering Conflicts of Interest.

Agent. “Agent” means a third party who undertakes to transact some business or manage some affair for another person by the authority or on account of the other person. The term includes an employee. [Local Government Code, §176.001\(1\)](#)

Business Entity. “Business entity” means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, or any other entity recognized by law. [Local Government Code, §171.001\(2\)](#)

Business Relationship. “Business relationship” means a connection between two or more parties based on commercial activity of one of the parties. The term does **not** include a connection based on: (A) a transaction that is subject to rate or fee regulation by a federal, state, or local governmental entity (includes LEA) or an agency of a federal, state, or local governmental entity (includes LEA); (B) a transaction conducted at a price and subject to terms available to the public; or (C) a purchase or lease of goods or services from a person that is chartered by a state or federal agency and that is subject to regular examination by, and reporting to, that agency. [Local Government Code, §176.001\(1-a\)](#)

Conflict of Interest. Conflict of interest is defined in [2 CFR §200.318\(c\)](#).

Contract. “Contract” means a written agreement for the sale or purchase of real property, goods, or services. [Local Government Code, §176.001\(1-d\)](#)

Immediate Family. Also referred to as “First-Degree Relatives”. The local public official is considered to have a substantial interest if a person related in the first degree by either affinity or

consanguinity to the local public official, as determined under Government Code Chapter 573, Subchapter B [see DBE], has a substantial interest as defined above.

Family Member. “Family member” means a person related to another person within the first degree by consanguinity or affinity, as described by [Subchapter B, Chapter 573, Government Code](#). [Local Government Code, §176.001\(2\)](#)

Family Relationship. “Family relationship” means a relationship between a person and another person within the third degree by consanguinity or the second degree by affinity, as those terms are defined by [Subchapter B, Chapter 573, Government Code](#). [Local Government Code, §176.001\(2-a\)](#)

Gift. “Gift” means a benefit offered by a person, including food, lodging, transportation, and entertainment accepted as a guest. The term does not include a benefit offered on account of kinship or a personal, professional, or business relationship independent of the official status of the recipient. [Local Government Code, §176.001\(2-b\)](#)

Goods. “Goods” means personal property. [Local Government Code, §176.001\(2-c\)](#)

Local Government Officer. “Local government officer” means (A) a member of the governing body of a local governmental entity (includes LEA); (B) a director, superintendent, administrator, president, or other person designated as the executive officer of a local governmental entity (includes LEA); or (C) an agent of a local governmental entity (includes LEA) who exercises discretion in the planning, recommending, selecting, or contracting of a vendor. [Local Government Code, §176.001\(4\)](#)

Local Public Official. “Local public official” means a member of the governing body or another officer, whether elected, appointed, paid, or unpaid, of any district (including a school district), county, municipality, precinct, central appraisal district, transit authority or district, or other local governmental entity who exercises responsibilities beyond those that are advisory in nature. [Local Government Code, §171.001\(1\)](#)

Nominal Value. The following list is used as guidance regarding nominal value:

- Promotional items that apply to any supply order;
- Promotional items and door prizes that anyone would receive at a conference or event (not singled out for this particular LEA or person);
- Holiday gifts not to exceed \$50

Officer. See definition for “Local Government Officer.”

Partner. Refers to a business partner or romantic partner.

Records Administrator. “Records Administrator” means the director, county clerk, municipal secretary, superintendent, or other person responsible for maintaining the records of the local governmental entity (includes LEA) or another person designated by the local governmental entity (includes LEA) to maintain statements and questionnaires under [Local Government Code §176](#), and perform related functions. [Local Government Code §176.001\(5\)](#)

The LEA has designated Executive Director of Finance as the records administrator for Conflict of Interest Disclosure statements.

Substantial Financial Interest. The person who owns at least [BBFA(Legal)]:

1. Ten percent of the voting stock or shares of the business entity, or
2. Either ten percent or \$15,000 of the fair market value of the business entity.
3. Funds received by the person from the business entity exceeds ten percent of the person’s gross income for the previous year.

Substantial Financial Interest in a Business Entity. According to [Local Government Code §171.002](#), (a) A person has a substantial interest in a business entity if: (1) the person owns 10 percent or more of the voting stock or shares of the business entity or owns either 10 percent or more or \$15,000 or more of the fair market value of the business entity; or (2) funds received by the person from the business entity exceed 10 percent of the person’s gross income for the previous year. (b) A person has a substantial interest in real property if the interest is an equitable or legal ownership with a fair market value of \$2,500 or more. (c) A local public official is considered to have a substantial interest under this section if a person related to the official in the first degree by consanguinity (blood) or affinity (marriage), as determined under [Chapter 573, Government Code](#), has a substantial interest under this section. “Business entity” means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, or any other entity recognized by law. *Local Gov’t Code 171.001(2)*

Vendor. “Vendor” means a person who enters or seeks to enter into a contract with a local governmental entity (includes LEA). The term includes an agent of a vendor. The term includes an officer or employee of a state agency when that individual is acting in a private capacity to enter into a contract. The term does not include a state agency except for Texas Correctional Industries. [Local Government Code, §176.001\(7\)](#)

Federal Requirements

In addition to the state requirements pertaining to standards of conduct and avoiding conflict of interest, in accordance with 2 C.F.R. § 200.18(c)(1), the District's standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of federal contracts include the following federal standards.

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

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

Property

Definitions Pertaining to Property Purchased with Federal Funds

The following definitions are applicable to terms used in the Uniform Guidance 2 CFR Part 200, as defined in [2 CFR §200.1](#).

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.

Capital assets means:

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

- Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, exchange, or through a lease accounted for as financed purchase under Government Accounting Standards Board (GASB) standards or a finance lease under Financial Accounting Standards Board (FASB) standards; and
- Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance)
- For purpose of this part, capital assets do not include intangible right-to-use assets (per GASB) and right-to-use operating lease assets (per FASB). For example, assets capitalized that recognize a lessee’s right to control the use of property and/or equipment for a period of time under a least contract.

Capital expenditures means expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life.

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.

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. LEA-specific: The LEA’s capitalization level for financial statement purposes is not to exceed \$5,000. Board Policy CFB(Local)

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.

Intangible property means property having no physical existence, such as trademarks, copyrights, patents and patent applications and property, such as loans, notes and other debt instruments, lease agreements, stock and other instruments of property ownership (whether the property is tangible or intangible).

Micro-purchase threshold means the dollar amount at or below which a non-Federal entity may purchase property or services using micro-purchase procedures.

Please see the Informal Procurement Methods section of this manual for more information.

Personal property means property other than real property. It may be tangible, having physical existence, or intangible.

Property means real property or personal property.

Real property means land, including land improvements, structures and appurtenances thereto, but excludes moveable machinery and equipment.

Simplified acquisition threshold means the dollar amount below which a non-Federal entity may purchase property or services using small purchase methods.

Please see the Informal Procurement Methods section of this manual for more information. **Texas state law is more restrictive** than Federal regulations concerning the threshold for informal purchase methods versus formal, competitive procurement for ISDs and **certain** open-enrollment charter schools.

Special purpose equipment means equipment which is used only for research, medical, scientific, or other technical activities. Examples of special purpose equipment include microscopes, x-ray machines, surgical instruments, and spectrometers.

Supplies means all tangible personal property other than those described in the definition of equipment in this section. 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.

Insurance Coverage for Property Purchased with Federal Funds [2 CFR §200.310](#)

Requirement:

Federal requirement:

The LEA must, at a minimum, provide the equivalent insurance coverage for real property and equipment acquired or improved with Federal funds as provided to property owned by the LEA.

Federally-owned property need not be insured unless required by the terms and conditions of the Federal award. Please review [2 CFR §200.312](#) for information regarding Federally-owned property.

State requirement:

In accordance with TEA's General and Fiscal Guidelines applicable to all Federal education grants administered by TEA, equipment purchased with Federal funds must be insured. The actual cost of insurance for equipment purchased with funds from the grant program may be charged as a direct cost to the grant so long as the insurance costs are not contained in any other comprehensive casualty insurance that may be held by the subgrantee.

Real Property (Land and Structures) [2 CFR §200.311](#)

Please refer to the Definitions Pertaining to Property Purchased with Federal Funds section of this manual for a Federal definition of real property.

Requirement:

Title to Real Property:

Subject to the requirements and conditions set forth in [2 CFR §200.311](#), title to real property acquired or improved under a Federal award will vest upon acquisition in the non-Federal entity,

Use of Real Property:

Except as otherwise provided by Federal statutes or by the Federal awarding agency, real property will be used for the originally authorized purpose as long as needed for that purpose, during which time the non-Federal entity must not dispose of or encumber its title or other interests.

Disposition of Real Property:

When real property is no longer needed for the originally authorize purpose, the non-Federal entity must obtain disposition instructions from the Federal awarding agency or pass-through entity (TEA). The instructions must provide for one of the following alternatives:

- Retain title after compensating the Federal awarding agency. The amount paid to the Federal awarding agency will be computed by applying the Federal awarding agency's percentage of participation in the cost of the original purchase (and costs of any improvements) to the fair market value of the property. However, in those situations where the non-Federal entity is disposing of real property acquired or improved with a Federal award and acquiring

replacement real property under the same Federal award, the net proceeds from the disposition may be used as an offset to the cost of the replacement property.

- Sell the property and compensate the Federal awarding agency. The amount due to the Federal awarding agency will be calculated by applying the Federal awarding agency's percentage of participation in the cost of the original purchase (and cost of any improvements) to the proceeds of the sale after deduction of any actual and reasonable selling and fixing-up expenses. If the Federal award has not been closed out, the net proceeds from sale may be off-set against the original cost of the property. When the non-Federal entity is directed to sell property, sales procedures must be followed that provide for competition to the extent practicable and result in the highest possible return.
- Transfer title to the Federal awarding agency or to a third party designated/approved by the Federal awarding agency. The non-Federal entity is entitled to be paid an amount calculated by applying the non-Federal entity's percentage of participation in the purchase of the real property (and cost of any improvements) to the current fair market value of the property.

Implementation:

When real property purchased in full or in part with Federal funds is no longer needed for the originally authorized purpose, the LEA will seek disposition instructions from TEA.

The Executive Director of Financial Services will:

- review the program statutes/regulations and terms and conditions of the specific Federal award to determine whether the purchase of real property is allowable with the Federal award
- determines whether real property is no longer needed for the originally authorized purpose, and which alternative to disposition is required
- requests disposition instructions from TEA
- determines where documentation will be maintained

The Business Office will track real property purchased with Federal funds, including costs of any improvements. A record of the Federal award's percentage of participation and the LEA's percentage of participation with non-Federal funds will be maintained annually whenever applicable.

Equipment

[2 CFR §200.313](#)

Title to Equipment

Requirement:

Subject to the requirements and conditions set forth in [2 CFR §200.313](#), title to equipment acquired under a Federal award will vest upon acquisition to the non-Federal entity. Unless a statute specifically authorizes the Federal agency to vest title in the non-Federal entity without further responsibility to the Federal Government, and the Federal agency elects to do so, the title must be a conditional title.

Title must vest in the non-Federal entity subject to the following conditions:

- Use the equipment for the authorized purposes of the project during the period of performance, or until the property is no longer needed for the purposes of the project.
- Not encumber the property without approval of the Federal awarding agency or pass-through entity (TEA).
- Use and dispose of the property in accordance with the requirements of [2 CFR §200.313](#)

Implementation:

Please see the Use of Equipment, Property Management, and Disposition sections of this manual for additional information.

Please see the Completing and Submitting the Grant Application section of this manual for information on the process used to ensure that no activities occur, such as purchase orders issued, funds encumbered or expended, goods received, or services rendered, prior to the effective date for use of grant funds.

All equipment purchased with Federal funds will be documented in the grant application to obtain specific prior approval.

The justification for capital outlay with federal funds must be documented with a clear justification on how the capital outlay is allowable, reasonable and necessary, and how it aligns with meeting the purpose and intent of the federally-funded grant program guidelines.

Use of Equipment:

Requirement:

Equipment must be used by the non-Federal entity in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award, and the non-Federal entity must not encumber the property without prior approval of the Federal awarding agency.

When no longer needed for the original program or project, the equipment may be used in other activities supported by the Federal awarding agency, in the following order of priority: (1) Activities under a Federal award from the Federal awarding agency (USDE) which funded the original program or project, then (2) Activities under Federal awards from other Federal awarding agencies (non-USDE agencies). This includes consolidated equipment for information technology systems.

Notwithstanding the encouragement in [2 CFR §200.307](#) to earn program income, the non-Federal entity must not use equipment acquired with the Federal award to provide services for a fee that is less than private companies charge for equivalent services unless specifically authorized by Federal statute for as long as the Federal Government retains an interest in the equipment.

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

Shared Use:

During the time that equipment is used on the project or program for which it was acquired, the non-Federal entity must also make equipment available for use on other projects or programs currently or previously supported by the Federal Government, *provided that such use will not interfere with the work on the projects or program for which it was originally acquired.*

First preference for other use must be given to other programs or projects supported by the Federal awarding agency that financed the equipment (USDE). Second preference must be given to programs or projects under Federal awards from other Federal awarding agencies (non-USDE agencies).

Use for non-Federally-funded programs or projects is also permissible. User fees should be considered if appropriate.

Personal Use of Computing Devices Purchased with Grant Funds

State Recommendation:

TEA's [General and Fiscal Guidelines](#) strongly encourages subgrantees to develop and approve a policy pertaining to personal use of technology items purchased with grant funds.

The policy should include the following elements:

- A statement detailing that software and/or applications that are solely for personal use should not be loaded/saved onto computing devices purchased with grant funds
- Mechanisms/procedures for ensuring compliance with the policy
- Consequences for noncompliance with the policy

Implementation:

Equipment purchased with Federal funds will only be used for the intended purposes and beneficiaries of the specific grant program, with the exception of shared use, if appropriate.

Federal Programs staff will determine when equipment needs to be replaced and the Business Office staff will determine whether the LEA will use the equipment as a trade-in or sell the property to use the proceeds toward the cost of the new equipment.

The Federal Programs Director will determine when the equipment is no longer needed for the original program that purchased the equipment. A checklist will be used to document the hierarchy of programs considered, giving first preference to programs funded by USDE for the equipment.

The Federal Programs Director will follow the disposition of equipment procedures posted on TEA's website and submit the required form to TEA prior to disposing or transferring federally-funded equipment:

<https://tea.texas.gov/sites/default/files/EDGAR%20Disposition%20of%20Equipment.pdf>.

Property Management:

The minimum requirements that must be met for managing equipment (including replacement equipment) acquired in whole or in part under a Federal award are outlined in this section.

Property Records

Requirement:

Property records must be maintained that include:

- A description of the property
- A serial number or other identification number
- The source of funding for the property (including the FAIN)
- Who holds title
- The acquisition date
- Cost of the property
- Percentage of Federal participation in the project costs for the Federal award under which the property was acquired
- The location of the property
- Use and condition of the property
- Any ultimate disposition data, including the date of disposal and sale price of the property

Physical Inventory

Requirement:

Physical inventory of the property must be taken and the results reconciled with the property records at least once every two years. TEA recommends inventory be performed annually.

Implementation:

The LEA performs physical inventory on an annual basis. All property is tagged by the assigned staff member and recorded on inventory records and into the property management system.

A notation will be made for technology items that don't meet the capitalization threshold but are highly mobile and susceptible to loss. Technology staff are responsible for configuring or installing certain types of equipment and/or computing devices. The Inventory Clerk will reconcile the results with the property records.

Control System to Prevent Loss, Damage, or Theft

Requirement:

A *control system* must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.

TEA's [General and Fiscal Guidelines](#) state that "while items such as tablet computers, netbooks, and laptops may not meet the capitalization level established by the subgrantee or TEA, it is strongly recommended that these items be inventoried, tracked, and monitored as they are highly mobile and susceptible to loss.

Implementation:

For lost or stolen property the procedures are as follows:

A police report must be filed with Carrizo Springs CISD Police Department or other local law enforcement agency for any stolen item purchased with federal funds or a fixed (capital) asset item before the LEA will replace it.

The district's lost or stolen items form must be completed and sent to the CSCISD Police Department within three business days of the incident. The Inventory Clerk will remove the item from the inventory list, if applicable.

Only the original amount OR the replacement cost for a similar item, whichever is less, will be provided by the LEA. Should the campus wish to "upgrade" the item being replaced, the campus or department will be responsible for providing the additional funds to purchase the "upgrade."

The CSCISD Police Department staff should determine preventive measures to take to avoid further incidents of lost or stolen items.

Maintenance of Property

Requirement:

Adequate maintenance procedures must be developed to keep the property in good condition.

Implementation:

Staff will ensure that property will be maintained in good condition. Staff will be instructed to complete a report and submit to their immediate supervisor upon notice of broken or inoperable equipment.

Sales Procedures

Requirement:

Proper sales procedures must be established to ensure the highest possible return if the non-Federal entity is authorized or required to sell the property.

Implementation:

The District will utilize the auction format to ensure the highest possible return on the sale of equipment.

Please see the Disposition section of this manual for disposition information.

Disposition:

When original or replacement equipment acquired under a Federal award is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency, the non-Federal entity must request disposition instructions from the Federal awarding agency if required by the terms and conditions of the Federal award.

Disposition of the equipment will be made as follows, in accordance with Federal awarding agency disposition instructions:

- Items of equipment with a **current** per unit fair market value of **\$5,000 or less** may be retained, sold, or otherwise disposed of with *no further responsibility to the Federal awarding agency*.
- When the **current** per unit fair market value is **greater than \$5,000**, the Federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the Federal awarding agency's percentage of participation in the cost of the original purchase. If the equipment is sold, the Federal awarding agency may permit the non-Federal entity to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.
- The non-Federal entity may transfer title to the property to the Federal Government or to an eligible third party provided that, in such cases, the non-Federal entity must be entitled to compensation for its attributable percentage of the current fair market value of the property.
- In cases where a non-Federal entity fails to take appropriate disposition actions, the Federal awarding agency may direct the non-Federal entity to take disposition actions.

State requirements:

Disposition instructions must be obtained from TEA by submitting the "[Inventory Disposition](#)" form that is located on TEA's "[Forms for Prior Approval, Disclosure, and Justification](#)" webpage.

The completed disposition form must be submitted to TEA, and approval received when applicable, prior to the actual disposition of the equipment.

All compensation due the Federal awarding agency will be submitted to TEA to return to the Federal government.

Implementation:

The Federal Programs Department will determine whether the terms and conditions of the specific Federal award require the LEA to request disposition instructions when the equipment is no longer needed by that Federal program or any other Federal program.

If the current fair market value is \$5,000 or less (or the LEA's Local Capitalization Policy), the Inventory Form will be submitted to TEA to inform TEA that the item is no longer needed for the original program or for any other programs funded by USDE grants. The LEA may retain, sell, or otherwise dispose of the item with no further obligation to TEA or to the Federal government.

If the current fair market value is greater than \$5,000 (or the LEA's Local Capitalization Policy), the Inventory Form is submitted to TEA with required information regarding original purchase data and reason for disposition or transfer, including notification that the equipment was stolen or lost, if applicable.

Supplies and Materials [2 CFR §200.314](#)

Requirement:

Title to supplies will vest in the non-Federal entity upon acquisition. If there is a **residual inventory of unused supplies exceeding \$5,000 in total aggregate value** upon termination or completion of the project or program and the supplies are not needed for any other Federal award, the non-Federal entity must retain the supplies for use on other activities or sell them, but must, in either case, compensate the Federal Government for its share. The amount of compensation must be computed in the same manner as for equipment.

State requirements:

Disposition instructions must be obtained from TEA by submitting the "[Inventory Disposition](#)" form that is located on TEA's "[Forms for Prior Approval, Disclosure, and Justification](#)" webpage.

The completed disposition form must be submitted to TEA, and approval received if applicable, prior to the actual disposition of the supplies.

All compensation due the Federal awarding agency will be submitted to TEA to return to the Federal government.

The aggregate value of supplies being considered for disposal is the total of all supplies, regardless of type, the LEA seeks to dispose.

Implementation:

If the unused supplies or materials purchased with Federal grant funds have an aggregate current fair market value of \$5,000 or less (or the LEA's Local Capitalization Policy), the Inventory Form is submitted to TEA to inform TEA that the supplies are no longer needed for the original program or for any other programs funded by USDE grants. The LEA may retain, sell, or otherwise dispose of the supplies and materials with no further obligation to TEA or to the Federal government.

If the unused supplies or materials purchased with Federal grant funds have an aggregate current fair market value greater than \$5,000 (or the LEA's Local Capitalization Policy), the Inventory Form is submitted to TEA with required information regarding original purchase data and reason for disposition or transfer, including notification that the supplies and materials were stolen or lost, if applicable.

Note: A computing device is considered 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.

Property Trust Relationship

[2 CFR §200.316](#)

Requirement:

Real property, equipment, and intangible property, that are acquired or improved with a Federal award must be held in trust by the non-Federal entity as trustee for the beneficiaries of the project or program under which the property was acquired or improved. The Federal awarding agency may require the non-Federal entity to record liens or other appropriate notices of record to indicate that personal or real property has been acquired or improved with a Federal award and that use and disposition conditions apply to the property.

Regulations regarding intangible property are located at [2 CFR §200.315](#).

Equipment or Supplies and Materials Purchased for Equitable Services for Students Enrolled in Private Schools (PNP)

Requirement:

Under some program statutes, a public agency must keep title to and exercise continuing administrative control of all equipment and supplies that the subgrantee acquires with program funds. This public agency is usually the subgrantee.

The subgrantee may place equipment and supplies in a private school for the period of time needed for the project.

The subgrantee shall insure that the equipment or supplies placed in a private school:

- Are used only for the purposes of the project; and
- Can be removed from the private school without remodeling the private school facilities.

The subgrantee shall remove equipment or supplies from a private school if:

- The equipment or supplies are no longer needed for the purposes of the project; or
- Removal is necessary to avoid use of the equipment or supplies for other than project purposes.

Implementation:

The LEA determines whether a specific Federal program has requirements for equitable services for students enrolled in private schools.

The LEA determines the specific provisions for the specific Federal program regarding equipment and supplies and materials for equitable services.

Compensation

2 CFR §§200.430 - 200.431

Compensation for Personal Services

Requirement:

Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits as described in the Fringe Benefits section of this manual.

Costs of compensation are allowable to the extent that they satisfy the specific requirements of [2 CFR §200.430](#) and that the total compensation for individual employees:

- Is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities;
- Follows an appointment made in accordance with a non-Federal entity's laws and/or rules or written policies and meets the requirements of Federal statute, where applicable; and
- Is determined and supported as provided in the Standards of Documentation of Personnel Expenses, when applicable. See the Standards of Documentation of Personnel section of this manual for the LEA's procedures.

Implementation:

The LEA will ensure the position is an allowable use of funds for the specific Federal award in accordance with the statutes and regulations and terms and conditions of the award.

The Federal Programs Director performs the task of ensuring the position is allowable for the specific Federal award.

The LEA's compensation policy may be accessed at this link:

<https://sites.google.com/carrizospringscisid.net/hr-pay-scale/pay-scale>

Funding Neutral Local Compensation and Leave Plan/Policy

The LEA applies its compensation and leave plan/policy consistently to all employees, regardless of the fund source used for compensation: Federal funds, state funds, or local funds.

Reasonableness

Requirement:

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

Implementation:

The LEA's salaries and wages are considered reasonable and comparable to similar work for employees paid from State and local funds, and/or comparable to that paid for similar work in the labor market.

Professional Activities Outside the LEA

Requirement:

Unless an arrangement is specifically authorized by a Federal awarding agency, a non-Federal entity must follow its written non-Federal entity-wide policies and practices concerning the permissible extent of professional services that can be provided outside the non-Federal entity for non-organizational compensation. Where such non-Federal entity-wide written policies do not exist or do not adequately define the permissible extent of consulting or other non-organizational activities undertaken for extra outside pay, the Federal Government may require that the effort of professional staff working on Federal awards be allocated between:

- Non-Federal entity [LEA] activities, and
- Non-organizational professional activities. If the Federal awarding agency considers the extent of non-organizational professional effort excessive or inconsistent with the conflicts-of-interest terms and conditions of the Federal award, appropriate arrangements governing compensation will be negotiated on a case-by-case basis.

Implementation:

Any employee wishing to perform professional services outside the LEA and receive payment for such services by another entity must complete, sign, and submit the LEA's Conflict of Interest form prior to agreeing to perform professional services outside the LEA. The purpose of the Conflict of Interest] form is to disclose the nature of the professional services to be performed outside the district to ensure a conflict of interest does not exist for the LEA.

The Conflict of Interest form is obtained at Business Office and is submitted to the Business Office for review and determination of whether a potential conflict of interest exists.

Special Considerations

Requirement:

Special considerations in determining allowability of compensation will be given to any change in a non-Federal entity's compensation policy resulting in a substantial increase in its employees' level of compensation (particularly when the change was concurrent with an increase in the ration of Federal awards to other activities) or any change in the treatment of allowability of specific types of compensation due to changes in Federal policy.

Implementation:

Please see the Considerations for Disasters or Unexpected Events section of this manual for additional information.

Incentive Compensation

Requirement:

Incentive compensation to employees based on cost reduction, or efficient performance, suggestion awards, safety awards, etc., is allowable to the extent that the overall compensation is determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the non-Federal entity and the employees before the services were rendered, or pursuant to an established plan followed by the non-Federal entity so consistently as to imply, in effect, an agreement to make such payment.

In accordance with TEA guidance in the [FAQ-ESSER I, ESSER II, ESSER III](#) document, AU-A11 and J-Q-11, incentive pay related to performance pay or pay to meet an identified need, must be justified. Additionally, the LEA must have a plan/agreement that governs the pay, and must ensure the compensation is reasonable. Types of incentive compensation include retention bonuses, recruitment bonuses, performance stipends, stipends for additional responsibilities, and extra-duty pay for duties outside the normal workday. The LEA is generally prohibited from using

Federal funds to pay for gifts or incentives, including student incentives, other than those described above.

In accordance with [2 CFR §200.463](#), special emoluments, fringe benefits, and salary allowances incurred to attract professional personnel that do not meet the test of reasonableness and do not conform with the established practices of the non-Federal entity, are unallowable.

Implementation:

Please see the Considerations for Disasters or Unexpected Events and Standards for Documentation of Personnel Expenses sections of this manual for additional information.

Fringe Benefits

Requirement:

Fringe benefits are allowances and services and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave (vacation, family-related, sick or military), employee insurance, pensions, and unemployment benefit plans. Except as provided elsewhere in the Federal Cost Principles of [2 CFR Part 200, Subpart E](#), the costs of fringe benefits are allowable provided that the benefits are reasonable and are required by law, non-Federal entity-employee agreement or an established policy of the non-Federal entity.

- *Leave*. The cost of fringe benefits in the form of regular compensation paid to employees during period of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met:
 - They are provided under established written leave policies;
 - The costs are equitably allocated to all related activities, including Federal awards; and,
 - The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.
- *Fringe benefits*. The cost of fringe benefits in the form of employer contributions or expenses for social security; employee life, health, unemployment, and worker's compensation insurance (except as indicated in [2 CFR §200.447](#)); pension plan costs (for pension plans financed on a pay-as-you-go method, allowable costs will be limited to those representing actual payments to retirees or their beneficiaries); and other similar benefits are allowable, provided such benefits are granted under established written policies. Such benefits must be allocated to Federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are

chargeable to such Federal awards and other activities, and charged as direct or indirect costs in accordance with the non-Federal entity's accounting practices.

- *Additional information regarding fringe benefits with Federal awards* is described in [2 CFR §200.431](#).

Implementation:

LEA's fringe benefits policy may be accessed at:

<https://drive.google.com/file/d/1XtZLF1dpvvKnR6cCZ0izuZnW9YLVjym/view>

<https://sites.google.com/carrizospringscisid.net/hr-pay-scale/pay-scale>

Funding Neutral Local Compensation and Leave Plan/Policy

The LEA applies its compensation and leave plan/policy consistently to all employees, regardless of the fund source used for compensation: Federal funds, state funds, or local funds.

Relocation Costs of Employees [2 CFR §200.464](#)

Relocation costs are costs incident to the permanent change of duty assignment (for an indefinite period or for a state period of not less than 12 months) of an existing employee or upon recruitment of a new employee. Federal regulations regarding the use of Federal funds for relocation costs are outlined in [2 CFR §200.434](#). Reimbursement to the employee is in accordance with an established written policy consistently followed by the employer.

Standards for Documentation of Personnel Expenses [2 CFR §200.430\(i\)](#)

Requirement:

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

- Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into the official records of the non-Federal entity;
- Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities;

- Encompass Federally-assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- Comply with the established accounting policies and practices of the non-Federal entity;
- Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity;
- Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that: (a) The system for establishing the estimates produces reasonable approximations of the activity actually performed; (b) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and (c) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal award based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.
- In accordance with Department of Labor regulations implementing the Fair Labor Standards Act (FLSA) ([29 CFR part 516](#)), charges for the salaries and wages of nonexempt employees, in addition to the supporting documentation described in this section, must also be supported by records indicating the total number of hours worked each day.
- Salaries and wages of employees used in meeting cost sharing or matching requirements on Federal awards must be supported in the same manner as salaries and wages claimed for reimbursement from Federal awards.
- Substitute processes or systems for allocating salaries and wages to Federal awards may be used in place of or in addition to the records described in this section if approved by the cognizant agency for indirect cost [TEA].
 - TEA has approved a [Substitute System of Time and Effort Reporting](#) for eligible LEAs and eligible LEA employees to use to reduce the burden of monthly documentation.
 - Please see the Substitute System of Time and Effort Reporting section of this manual for more information.
- For a non-Federal entity where the records do not match the standards described in [2 CFR 200.430\(i\)](#), the Federal Government may require personnel activity reports, including

prescribed certifications, or equivalent documentation that support the records as required in [2 CFR 200.430\(i\)](#).

Implementation:

The LEA will maintain documentation of allocability to a Federal award for all employee compensation paid in full or in part with a Federal award.

Note: The regulations in [2 CFR §200.430\(i\)](#) provide flexibility for the LEA's processes regarding time distribution records, provided the LEA's procedures comply with the documentation standards outlined in the regulations.

Employees Working on a Single Cost Objective

A single cost objective may be a single function, a single grant, a single activity, or applicable to one specific student population type.

- It is possible to work on a single cost objective even if an employee is paid from more than one Federal award IF the employee's activities could allowably be fully funded from either grant, if funds were sufficient. Example:
 - A preschool special education teacher works 100% of the time teaching preschool students with disabilities and is funded partially from IDEA-B Formula funds and partially from IDEA-B Preschool funds.
 - Teaching preschool special education is an allowable activity under both IDEA-B Formula (ages 3-21) and IDEA-B Preschool (ages 3-5). Since the teacher's compensation could be paid 100% from either grant, if funds were sufficient, it is considered a single cost objective.
- It is possible to work on a single cost objective even if an employee is paid from a Federal award and a non-Federal award IF the employee's activities could allowably be fully funded from the Federal award alone, if funds were sufficient. Example:
 - A special education teacher works 100% of the time teaching students with disabilities and is funded partially from IDEA-B Formula funds and partially from the state Special Education Allotment from the Foundation School Program (FSP).
 - Teaching students with disabilities is an allowable activity under both fund sources and could be fully funded from the IDEA-B grant alone, if funds were sufficient. Therefore, this qualifies as a single cost objective.

Additional considerations:

- If a required set-aside or reservation is identified in the grant application, that set-aside or reservation is a separate cost objective. If the employee is working on more than one set-aside or reservation, the employee is working on multiple cost objectives, even if paid in full from a

single Federal award. If the employee is working on only one set-aside or reservation, the employee is working on a single cost objective.

- ESSA Schoolwide: If the employee works 100% of their time on a Title I, Part A Schoolwide campus and “Schoolwide Personnel” is checked on the BS6101 grant schedule and all the activities are allowable with Title I, Part A, this employee is working on a single cost objective.
- ESSA Consolidation of Administrative Funds: If the LEA consolidates their administrative funds from more than one Federal award and “Consolidated Administrative Funds” is checked “yes” on the BS6001 grant schedule and the LEA completes the “Consolidation of ESSA Administrative Funds” prior approval form and the employee works 100% of their time on administrative activities allowable under any of the programs that have been consolidated, this employee is working on a single cost objective. If the employee also works on activities that are not included in the consolidation of administrative funds, the employee is working on multiple cost objectives.

Key to Determining Whether an Employee Works on a Single Cost Objective:

If the employee’s compensation can be supported in full from each of the funding sources, if funds were sufficient, and all activities are allowable with each funding source, the employee is working on a single cost objective.

Time Distribution Record Required for Single Cost Objective Employees:

Semi-Annual Periodic Certification form with the following elements:

- Employer’s Name
- Employee’s Name and Position Title
- Single Cost Objective under which the employee worked (This is the activity, not the fund source. For example: special education program.)
- Fund source(s); Example: IDEA-B Formula. Example: IDEA-B Formula and state special education allotment.
- Reporting period (every six months i.e. January and June)
- Statement that the employee worked solely (100% of the time) on the single cost objective
- Dated signature must be signed after-the-fact, on or after the ending date of the certification period, by the employee or the supervisor with first-hand knowledge of the employee’s activities. A signature is required from either the employee or the supervisor.
- The Semi-Annual Periodic Certifications are submitted semi-annually monthly to the Federal Programs Department for review of accuracy and compliance with the requirements. The Semi-Annual Certificates are then forwarded to the Business Office for final approval and cost reconciliation.

Alternatives to Semi-Annual Periodic Certification for Single Cost Objective Employees

- Single Cost Objective employees working under a Federal program covered under the Ed-Flex Statewide Administrative Waiver
 - A signed and dated job description that identifies the fund source and clearly states the employee is assigned 100% to the single cost objective may be used in lieu of the Semi-Annual Periodic Certification
 - This exception is not applicable to employees working on multiple cost objectives
 - The LEA ensures the Ed-Flex waiver is in effect for the school year (refer to TEA's [Ed-Flex Waivers webpage](#))
 - The LEA ensures the specific Federal program is covered under the Ed-Flex waiver (refer to TEA's [Ed-Flex Waivers webpage](#)); Typically the covered programs are: Title I, Part A (other than section 1111); Title I, Part C; Title I, Part D; Title II, Part A; Title IV, Part A; Carl D. Perkins Career and Technical Education Act of 2006, as amended
 - The Federal Programs Director ensures adequate signed and dated job descriptions are on file for employees exempt from completing the Semi-Annual Periodic Certification for Single Cost Objective Employees

- Blanket Certification: In lieu of the Semi-Annual Periodic Certification for Single Cost Objective Employees, the LEA may implement Blanket Certifications.
 - The blanket certification contains all the elements of the Semi-Annual Periodic Certification but lists all the employee names working on the single cost objective and is signed by an LEA official
 - The blanket certification reduces the administrative burden of individual certifications from each employee working on the single cost objective
 - A separate blanket certification is completed for each specific single cost objective (for example, one blanket certificate would list all employees working on the special education cost objective, while a separate blanket certificate would list all employees working on a different cost objective).
 - Auditors typically expect to see Semi-Annual Periodic Certifications for single cost objective employees, so if your LEA adopts the use of Blanket Certifications, refer the auditor to your procedures manual if the auditor questions costs for single cost objective employees

Special Consideration for Employees Working Under a Single Cost Objective and Funded out of ESSER I, ESSER II, or ESSER III

USDE guidance has indicated that time and effort documentation is not required for employees working under ESSER I, ESSER II, or ESSER III, except in certain instances of multiple cost objectives.

Employees Working on Multiple Cost Objectives

An employee is working on Multiple Cost Objectives if the employee works on:

- Multiple functions, grants, or activities, or student population types, that cannot allowably be fully funded from any of the fund sources alone, if funds were sufficient, such as:
 - Working on more than one Federal award, if the activities cannot allowably be fully funded from each Federal award
 - Working on a Federal award and non-Federal award, if the activities cannot allowably be fully funded from the Federal award alone
- An indirect cost activity and a direct cost activity
- An unallowable activity and an allowable direct cost activity or indirect cost activity
- Multiple student population types, if the activities cannot allowably be fully funded from any of the fund sources alone, if funds were sufficient

Additional considerations:

- If a required set-aside or reservation is identified in the grant application, that set-aside or reservation is a separate cost objective. If the employee is working on more than one set-aside or reservation, the employee is working on multiple cost objectives, even if paid in full from a single Federal award.
- ESSA Consolidation of Administrative Funds: If the LEA consolidates their administrative funds from more than one Federal award and the employee works 100% of their time on administrative activities allowable under any of the programs that have been consolidated, this employee is working on a single cost objective. If the employee also works on activities that are not included in the consolidation of administrative funds, the employee is working on multiple cost objectives.
- When a Federal award requires the provision of private, nonprofit (PNP) equitable services, the LEA must differentiate between public school services and private school services. Therefore, each student type is a separate cost objective. Services for public school students under the Federal award is one cost objective; Equitable services for PNP students under the Federal award is a separate, distinct cost objective. If the employee provides services to both public school students and PNP students, the employee is working on multiple cost objectives.

Examples of separate cost objectives for **IDEA-B Formula**:

- Program activities applicable to public school students with disabilities

- Private School Proportionate Share Services, applicable to parentally-placed private school children with disabilities (PS3502 grant schedule)
- Provision of CEIS (Coordinated Early Intervening Services) or CCEIS (Comprehensive CEIS) (BS6016 grant schedule)

If an employee works on only one of these cost objectives, the employee is working on a single cost objective. If an employee works on more than one of these cost objectives, the employee is working on multiple cost objectives.

Examples of separate cost objectives for **Title I, Part A** (includes, but may not be limited to):

- Title I, Part A campus-level program activities applicable to public school students
- PNP (Public Non-Profit) Equitable Services (program, not administrative) (PS3101 grant schedule)
- PNP Equitable Services Administration (PS3101 grant schedule)
- Administration of Title I, Part A programs, including administration of Title I, Part A programs for students at facilities for neglected and delinquent (PS3101 grant schedule)
- Districtwide Parent and Family Engagement activities (PS3101 grant schedule)

If an employee works on only one of these cost objectives, the employee is working on a single cost objective. If an employee works on more than one of these cost objectives, the employee is working on multiple cost objectives.

Key to Determining Whether an Employee Works on Multiple Cost Objectives:

If the employee's compensation cannot be supported in full from each of the funding sources because all the activities are not allowable with each funding source, or if the employee is working on more than set-aside or reservation within a grant, the employee is working on multiple cost objectives.

Time Distribution Record Required for Multiple Cost Objectives Employees:

Monthly PARs (Personnel Activity Reports) with the following elements:

- Employer's Name
- Employee's Name and Position Title
- Identification of each cost objective under which the employee worked (activities, not fund sources)
- Percent of Time worked on each cost objective
- Sum of cost objective percentages (must equal 100% to account for the total activity for which the employee is compensated)
- Fund sources

- Reporting Period (monthly)
- Dated signature must be signed after-the-fact, on or after the ending date of the certification period, by the employee
 - If employee unable to sign, the supervisor with first-hand knowledge of the employee's activities signs the form and notates that the employee is not available

The PARs are submitted monthly to the Federal Programs Department for review of accuracy and compliance with the requirements. The PAR is then forwarded to the Business Office for final approval and cost reconciliation.

Alternative to Monthly PAR for Multiple Cost Objectives Employees for Certain Employees

In lieu of the monthly PAR, an employee who works on multiple cost objectives and has a set, pre-determined schedule and works on only one cost objective at a time, may use TEA's Substitute System of Time and Effort Reporting. Please see that section of the manual for more information.

Special Consideration for Employees Working Under Multiple Cost Objectives and Funded out of ESSER I, ESSER II, or ESSER III.

USDE guidance has indicated that time and effort documentation is not required for employees working under ESSER I, ESSER II, or ESSER III, except in certain instances of multiple cost objectives.

In accordance with TEA guidance in the [FAQ-ESSER I, ESSER II, ESSER III](#) document, GF-Q38, "An LEA must maintain time distribution records (sometimes called "time and effort" reporting) only if an individual employee is 1) split-funded between ESSER and activities that are not allowable under the ESSER program, or 2) split-funded between ESSER and another fund source that requires time and effort documentation.

1. For positions split-funded where the activities are not allowable under ESSER, from the ESSER point of view it is likely there will be very few situations in which an employee of an LEA would perform multiple activities where some are not allowable under ESSER, and thus would be required to maintain time distribution records, given that an LEA is authorized to use funds on "activities that are necessary to maintain the operation of and continuity of services in [an LEA] and continuing to employ existing staff of the [LEA]" in order to "prevent, prepare for, and respond to the COVID-19 pandemic."

2. If the position is funded between ESSER and another federal grant that requires time and effort, e.g., IDEA-B or other federal funds when it is not a single cost-objective, then time and effort would be required from the other funding source's time and effort requirement. In this case, the ESSER funds would be reflected in the time and effort reporting with the IDEA-B

funds for the staff member because federal regulations require that 100% of the person's time be reflected in the time and effort documentation."

Substitute System of Time and Effort Reporting

In an effort to reduce the administrative burden of completing monthly PARs, an employee who works on multiple cost objectives and has a set, pre-determined schedule and only works on one cost objective at a time, may submit a semi-annual employee schedule and certificate by using TEA's Substitute System of Time and Effort Reporting.

The following eligibility criteria must be met:

- LEA **annually** submits the Management Certification Survey Form for approval to use the Substitute System of Time and Effort Reporting. The link to the management survey form and the submittal deadline are posted on TEA's [Substitute System of Time and Effort Reporting webpage](#).
- Employee **semi-annually** completes the Employee Schedule and Certification. The form is accessed on TEA's [Substitute System of Time and Effort Reporting webpage](#).
- The Employee Schedule and Certification is completed after-the-fact, to document time the employee has actually worked.
- The Employee Schedule and Certification must be signed by both the employee and the supervisor, after-the-fact.
- If the employee's schedule changes by more than 10 percent, a new Employee Schedule and Certification must be completed.
- The Employee Schedule and Certification is not submitted to TEA, but is kept locally.

The Substitute System of Time and Effort Reporting is not applicable to: (a) employees working on a Single Cost Objective, (b) employees who work on multiple cost objectives at the same time, or (c) employees who work on multiple cost objectives but do not have a set, pre-determined schedule and therefore doesn't know from day to day how much time will be spent on each cost objective.

The LEA has the option to participate in the Substitute System of Time and Effort Reporting. Federal Programs Director will ensure submittal of the LEA Management Certification Survey by the deadline. Employees submit the Employee Schedule and Certification to the Federal Programs Department. Federal Programs staff will verify the forms are completed and submitted after-the-fact and accurately reflect the employee's percentages of time spent on each separate cost objective. The completed forms will be submitted to Business Office staff for final approval and cost reconciliation.

Stipends, Supplemental Pay, Extra-Duty Pay

Any form of compensation to the employee, whether paid in full or in part with Federal funds, requires time distribution records to ensure allocability to the Federal award.

Stipends, supplemental pay, and extra-duty pay must be applied consistently across the LEA.

The LEA must have a plan/agreement that governs the additional compensation, and must ensure the compensation is reasonable and necessary, meets the intent of the Federal program's statute and regulations, and aligns with an allowable program activity.

Extra-Duty Pay means additional compensation for performing duties that are not included in the employee's regular job description and are performed outside the employee's normal working hours. An example is performing after-school tutoring.

Supplemental Pay, Stipends, or Other forms of Additional Compensation include:

- Retention bonuses,
- Recruitment bonuses,
- Performance stipends,
- Higher Level of Pay for Advanced/Preferred Degree/Certification,
- Supplemental pay for additional responsibilities, such as acquiring professional development during the summer break

Extra-Duty Pay Documentation Requirements:

- Extra-Duty Pay Agreement between the employee and LEA that includes:
 - The reason for the additional compensation
 - A description of the duties/activities to be performed for the additional compensation
 - The timeframe for carrying out the additional activities
 - The documentation requirements to verify fulfillment/completion of the activities
- Documentation from employee that demonstrates the extra-duty pay activities were performed, such as timesheets, report of students served, etc.
- Time Distribution Report: Blanket Certification form completed by the LEA official that lists the employees who received extra-duty pay, purpose/cost objective, fund source, time period
- Current license or certification, if applicable to the Extra-Duty responsibilities

The Federal Programs Department will initiate the Extra-Duty Pay Agreement. The Federal Programs staff will ensure the completion of required activities prior to payment processing. The Blanket Certification is submitted to the Federal Programs Department for review of accuracy and compliance with the requirements. The Blanket Certification is then forwarded to the Business Office for final approval and cost reconciliation.

Documentation Requirements for Supplemental Pay for Additional Responsibilities, such as acquiring professional development during the summer break:

- Supplemental Pay Agreement between the employee and LEA that includes:
 - The reason for the additional compensation
 - A description of the duties/activities to be performed for the additional compensation
 - The timeframe for carrying out the additional activities
 - The documentation requirements to verify fulfillment/completion of the activities
- Documentation from employee that demonstrates the supplemental pay activities were performed, such as certificate of attendance for professional development received
- Time Distribution Report: Blanket Certification form completed by the LEA official that lists the employees who received supplemental pay, purpose/cost objective, fund source, time period
- Current license or certification if applicable to the supplemental pay responsibilities

The Federal Programs Department will initiate the Supplemental Pay Agreement. The Federal Programs staff will ensure completion of required activities prior to payment processing. The Blanket Certification is submitted to the Federal Programs Department for review of accuracy and compliance with the requirements. The Blanket Certification is then forwarded to the Business Office for final approval and cost reconciliation.

Documentation Requirements for Other Forms of Stipends or Supplemental Pay:

If the employee receives a higher rate of compensation for having an advanced/preferred degree or certification or for recruitment/retention purposes, etc., and the compensation is included in the employee's base pay (employee receives a higher compensation rate):

- Payroll Authorization form or similar form to depict all fund source(s) and budgeted percentage(s) for compensation and include the reason for the higher compensation, if applicable. A Salary Schedule that depicts the compensation rates for employees, including higher rates for those with advanced/preferred degrees, etc., may also be used to document the justification for a higher rate of compensation.
- Job Description that clearly depicts the job duties/responsibilities, fund source(s), cost objective(s), responsibilities for each cost objective, if multiple cost objectives, type of Time Distribution record required, and how often the Time Distribution record must be completed
- Time Distribution record, based on whether single cost objective or multiple cost objectives
- Current license or certification, if applicable to the regular position

If the employee receives additional pay, separate from their regular compensation, as a stipend or supplemental pay for recruitment, retention, merit, performance, etc:

- Supplemental Pay Agreement or other type of Payroll Authorization/Acknowledgement form that depicts the reason and amount for the additional compensation
- Time Distribution Report: Blanket Certification form completed by the LEA official that lists the employees who received supplemental pay/stipend, purpose/cost objective, fund source, time period
- Current license or certification if applicable to the supplemental pay/stipend

Substitute Teachers and Aides who are employees of the LEA (not contracted):

Compensation for substitute teachers and aides follows the same funding distribution as the staff member for whom the substitute is working. If the staff member for whom the substitute is working is paid with Federal funds, an LEA official completes after-the-fact documentation that identifies the teacher or staff for whom the substitute is working, and the percentage of time applicable to each cost objective. The documentation is forwarded to the Federal Programs Department for final review and cost reconciliation purposes.

Reconciliation and Closeout Procedures

Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed to ensure proper allocation. Although budget estimates may be used for interim purposes, provided the estimates produce reasonable approximations of the activity actually performed, the LEA must review after-the-fact time distribution records and make all necessary adjustments to ensure the final amount charged to the Federal award is accurate, allowable, and properly allocated.

Actual costs will be reconciled to budgeted distributions. The Accountant will perform the reconciliation.

The Business Office will implement close-out procedures at the end of the fiscal year. All time distribution records will be collected and reviewed for accuracy and appropriate signatures and dates.

Job Descriptions

Job descriptions are considered to be an internal control activity that signifies the employee's understanding of their job duties.

Signed and dated job descriptions are required for all employees paid from Federal funds. Employee job descriptions are signed and dated annually by the employee as acknowledgement that the employee has full knowledge of their duties and responsibilities and the programs under which they are working. Job descriptions are also signed and dated by the employee's immediate supervisor.

Employee job descriptions must be current. Job descriptions are reviewed annually. Job descriptions must be updated as new assignments are made. The Human Resources Department will monitor job descriptions to ensure they are kept up-to-date and that the job descriptions accurately and completely describe the work performed by the specific position.

Employee job descriptions must delineate all program or cost objectives under which the employee works. Job descriptions and duties must be specific to the particular grant program and clearly identify the functions and programs they benefit, including the fund source(s) from which the position is compensated. The Federal Programs Director will ensure the job description aligns the activities of the position to the program goals of the fund source and ties the source of funds to the activity.

If a position benefits multiple cost objectives or programs, the job description will clearly define each cost objective and the responsibilities for each cost objective. The job description will indicate the type of time distribution record that must be completed and how often the record must be completed.

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

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

Travel Reimbursement

Overview

An LEA employee is entitled to reimbursement of certain travel expenses required by the LEA to conduct official LEA business, subject to certain limitations described throughout this manual.

Whenever Federal, state, and local travel policy differ, the most restrictive is followed.

The LEA must minimize the amount of travel expenses reimbursed by ensuring that each travel arrangement is the most cost-effective, considering all relevant circumstances.

The LEA will properly train employees on travel regulations and keep them informed of any changes in travel rules.

The LEA ensures that all travel reimbursements are examined prior to payment to ensure compliance with all applicable regulations and limitations. The Business Office is responsible for this responsibility.

Employees must ensure that their travel complies with applicable laws and rules and must not seek reimbursement for travel expenses that the employee should reasonably know are not reimbursable.

When federal grant funds are used for travel expenditures, the obligation is made when the travel is taken, according to [34 CFR 76.707](#). Please see the Registration Fees section of this manual for information regarding LEA options for obligation of registration fees.

Definitions Related to Travel

The following definitions were obtained from the Texas Comptroller of Public Accounts located at <https://fmx.cpa.state.tx.us/fmx/travel/texttravel/gen/def/index.php> and modified to meet the LEA's circumstances.

Business Day: Any weekday except a weekday on which a national or state holiday occurs.

Cancellation Charge: A fee, charge or payment that a provider of travel services assesses because of the cancellation or change of a travel reservation or other travel plan. For example, a non-refundable purchase of an airline ticket becomes a cancellation charge when the ticket becomes unusable because of changed travel plans.

Commercial Lodging Establishment: (1) A motel, hotel, inn, apartment, house or similar establishment that provides lodging to the public for pay; or (2) A person or establishment that provides lodging for pay that the Comptroller determines to have a sufficient number of the characteristics of a commercial lodging establishment for the purposes of the Travel Regulations Act, [Texas Government Code Section 660.002\(5\)](#).

Commercial Transportation Company: A company or individual that transports people or goods at a cost.

Comptroller: The Comptroller of Public Accounts.

Designated Headquarters: The area within the boundaries of the city in which an LEA employee's place of employment is located. If an employee's place of employment is located within an unincorporated area, then the area within a five-mile radius of the place of employment is the employee's designated headquarters. If an incorporated municipality or an unincorporated area is completely surrounded by the incorporated municipality in which an employee's place of employment is located, then the employee's designated headquarters includes the surrounded municipality or area.

Disability: A physical or mental impairment of an individual that substantially limits one or more major life activities of the individual.

Duty Point: The destination, other than a place of employment, to which an LEA employee travels to conduct official LEA business. If the destination is outside the employee's designated headquarters, then the duty point is either the incorporated municipality in which the destination is located or the unincorporated area within a five-mile radius of the destination.

Gratuity: Something given voluntarily or beyond obligation, usually in response to or in anticipation of a service.

Incidental Expense: An expense incurred while traveling on official LEA business. The term includes a mandatory insurance or service charge and an applicable tax, except a tax based on the cost of a meal. The term does not include a meal, lodging or transportation expense, a personal expense, an expense an individual would incur regardless of whether the individual were traveling on official LEA business, a tip, or a gratuity.

Lease: A contract with a term of at least one month that gives the lessee possession and use of property or equipment while the lessor retains ownership of it.

Lodging Expense: A charge imposed by a commercial lodging establishment as consideration for providing lodging. The term does not include money paid as a donation, gratuity or tip to the establishment.

Meal Expense: The cost of a meal plus any tax that is based on the meal's cost. The term includes a mandatory service charge or fee imposed in conjunction with a meal. The term does not include a tip or gratuity.

Non-Working Hours: All hours in a calendar day except working hours.

Place of Employment: The office or other location at which an LEA employee most frequently conducts official LEA business.

Rented or Public Conveyance: A motor vehicle, train, aircraft, boat or bicycle that an LEA employee rents or pays a fare to use for a period of less than one month.

Resort Fee: A mandatory fee that a guest may be required to pay at a commercial lodging establishment in addition to the daily room rate. The fee is typically charged to all guests for the right to access various amenities at a hotel such as swimming pools, exercise facilities, daily newspaper delivery, printing of boarding passes and local telephone calls. May also be called a facility fee, a destination fee, an amenity fee or a resort charge.

Travel Document: A document that consists of one or more travel vouchers or transactions.

Travel Expense: A meal, lodging, transportation, or incidental expense.

Travel Voucher/Form: The paper or electronic form adopted or approved by the LEA that is completed for the purpose of (1) submitting a travel voucher on paper or electronically, (2) supporting the legality and fiscal responsibility of a travel payment or reimbursement, or (3) for both purposes.

Work Day: A day on which a particular LEA employee is regularly required to conduct official LEA business.

Working Hours: The hours during which an LEA employee is regularly scheduled to conduct official LEA business.

Federal Regulations Related to Travel

Federal requirements related to travel, as indicated in [2 CFR §200.475](#), are listed below. In some instances, state and/or local rules are more restrictive and are notated. Whenever Federal, state, and local policy differ, the most restrictive is followed.

General. Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the LEA. Federal rules allow such costs to be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual

costs incurred*, or on a combination of the two, provided the method used is applied to an entire trip and not selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the LEA's non-federally-funded activities and in accordance with the LEA's written travel reimbursement policies.

*A per diem basis in lieu of actual costs is not allowable according to the more restrictive State rules. According to state rules, travel allowances in which the traveler receives a flat per diem for lodging and/or meals, regardless of the amount expended, are not allowable in Texas.

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

Temporary Dependent Care Costs. Temporary dependent care costs (as dependent is defined in [26 U.S.C. 152](#)) **above and beyond** regular dependent care that directly results from travel to conferences is allowable provided that: (1) the costs are a direct result of the individual's travel for the Federal award; (2) the costs are consistent with the LEA's documented travel policy for all entity travel [which means the LEA also allows these costs with state/local funds for non-Federal award travel]; and (3) are only temporary during the travel period. Travel costs for dependents are unallowable, except for travel of duration of six months or more with prior approval of the federal awarding agency. 2 CFR § 200.474(c).

The LEA does not allow temporary dependent care costs, as described above, with state and/or local funds for non-federally funded travel.

Commercial Air Travel. Airfare costs in excess of the basic least expensive unrestricted accommodations class offered by commercial airlines are unallowable except when such accommodations would: (1) require circuitous routing; (2) require travel during unreasonable hours; (3) excessively prolong travel; (4) result in additional costs that would offset the transportation savings; or (5) offer accommodations not reasonably adequate for the traveler's medical needs. The LEA must justify and document these conditions on a case-by-case basis in order for the use of first-class or business-class airfare to be allowable in such cases.

State Regulations and Local Policy & Procedures for Travel Reimbursement

State travel rules are more restrictive than the federal requirements, therefore, state rules are followed. If local rules are more restrictive, they are notated in this manual accordingly. Mileage, lodging, and meal reimbursement rates and rules published by the Texas Comptroller of Public Accounts (“Comptroller”) on the [Textravel](#) webpage apply to all grants funded by TEA for individuals on travel status.

Out-Of-State Travel

The LEA will follow TEA guidelines for Federally funded program-related out-of-state travel, including required justification. The LEA must maintain appropriate documentation that the out-of-state travel is reasonable, necessary, allocable to the Federal grant program, and has a programmatic purpose. If the professional development is available in-state, the cost of out-of-state travel is not considered reasonable.

If out-of-state travel is identified as allowable by program guidelines associated with the Federal grant, and the LEA chooses to use grant funds for out-of-state travel, the LEA must complete and retain locally TEA’s “[Justification for Out-of-State Travel](#)” form. The form is accessible on TEA’s “[Forms for Prior Approval, Disclosure, and Justification](#)” webpage.

The Business Office and Federal Programs Department determines when out-of-state travel is reasonable and necessary and has a programmatic purpose. The Justification form will be completed and maintained for these expenditures when approved.

Transportation Expenditures: Mileage in Personal Vehicle

An employee is entitled to be reimbursed for mileage incurred to conduct LEA business.

The reimbursement may not exceed the product of the actual number of miles traveled for business and the maximum reimbursement rate posted on the Comptroller’s Textravel webpage for [Current Rates](#).

The LEA is not required to reimburse employees at the maximum rate, but may specify a mileage reimbursement rate that is lower than the maximum allowable rate per mile posted on the Comptroller’s Textravel webpage for [Current Rates](#). The LEA must notify affected individuals in writing about the lower rate before implementing it.

The number of reimbursable miles may not exceed the number of miles of the most cost-effective, reasonably safe route between an employee’s origin of travel and the final duty point. In determining the most cost-effective reasonably safe route, the LEA may consider the route that provides the shortest distance, the quickest drive time or the safest road conditions.

The number of miles traveled by an employee for LEA business may be determined by point-to-point itemization. Point-to-point mileage may be documented by an employee's vehicle odometer reading or by a readily available online mapping service. The LEA must adopt by internal policy one online mapping service to be used by LEA employees. The LEA adopts the www.Mapquest.com to be used. The itemization must be sufficiently detailed for the LEA to verify the number of miles.

Note: an increase in the number of miles incurred due to an employee receiving inadequate directions or being lost is not reimbursable.

The LEA may determine when it is appropriate to reimburse an employee for mileage between a residence and an airport. The mileage reimbursement is limited to the cost of one two-way trip to and from the airport in the employee's personal vehicle plus parking at the airport. The LEA may determine when it is appropriate to reimburse the mileage costs associated with transporting an employee to (two-way trip) and from (two-way trip) the airport.

An employee may not be reimbursed for mileage incurred in traveling between the employee's residence and place of employment in a personally owned or leased motor vehicle unless the travel is necessitated by extraordinary circumstances and occurs outside of the hours the employee is working. The same restrictions and requirements that apply to the use of a personally owned vehicle apply to an employee's use of mass transit, taxi, or limousine when traveling between an employee's residence and place of employment.

Documentation Requirements for Mileage Reimbursement:

If the employee's odometer is used to determine the number of miles between points, then the supporting documentation must include a point-to-point mileage itemization. If a readily available mapping service is used to determine the number of miles, the name of the service used must be documented. If the employee does not use the online mapping service adopted by the LEA for mileage reimbursement purposes, justification must be given.

Transportation Expenditures: Rental Vehicles

An employee is entitled to reimbursement for the cost of renting a vehicle to conduct LEA business.

The reimbursement includes all applicable taxes and mandatory charges. It also may include a charge for a collision damage waiver or a loss damage waiver if not already included in the contracted rate for the rental. A charge for an additional driver may only be reimbursed if incurred

for a business reason. A charge for a liability insurance supplement, personal accident insurance, safe trip insurance or personal effects insurance is not reimbursable.

When at least two LEA employees share a rental vehicle, each employee is entitled to be reimbursed for their share of the rental cost.

Documentation Requirements for Rental Vehicle Reimbursement:

To be reimbursed for a rental expense, the employee must provide proof that the expense was incurred. A complete receipt issued by the rental company serves this purpose.

The receipt must include the following:

- The name of the rental company
- The name of the employee renting the vehicle
- The starting and ending dates of the rental
- An itemization of expenses incurred
- Proof of payment

If the receipt does not include all of the above listed items, the rental contract may also be included to provide that information.

Transportation Expenditures: Mass Transit, Taxis, or Limousine

An employee is entitled to be reimbursed for the actual cost of transportation by bus, subway, other mode of mass transit or taxi if incurred to conduct LEA business. The cost is only reimbursable if provided by a commercial transportation company.

An employee is entitled to be reimbursed for the actual cost of transportation provided by a network transportation driver (Uber, Lyft, etc.) if incurred to conduct LEA business and if it was the most cost-effective mode of transportation available considering all relevant circumstances.

An employee is entitled to be reimbursed for the actual cost of transportation by limousine only if it was the most cost-effective mode of transportation available considering all relevant circumstances.

If a taxi or limousine is shared by two or more employees, only the employee who paid for the transportation may be reimbursed for that expense. The other employees may be reimbursed only for charges imposed on an individual-by-individual basis.

Documentation Requirements for Mass Transit, Taxi, or Limousine:

State law does not require a receipt for reimbursement of travel by bus, subway, other mode of mass transit, taxi, limousine or network transportation driver; however supporting documentation must itemize the date and the fare charged for each trip. The LEA requires a receipt for reimbursement for these travel costs.

Transportation Expenditures: Commercial Air Transportation

An employee is entitled to be reimbursed for the actual cost of commercial air transportation incurred to conduct LEA business. The reimbursement may not exceed the cost of the lowest available airfare between the employee's designated headquarters and the employee's duty point.

Charges for excessive baggage may be reimbursed as long as the travel is related to LEA business and the LEA determines the reasonableness for the reimbursement and the number of bags necessary.

Documentation Requirements for Commercial Air Transportation:

For an employee to be reimbursed for a commercial air transportation expense, the employee must provide proof that the expense was incurred. A complete passenger receipt issued by a commercial airline company or an itinerary issued by the company or a travel agency serves this purpose.

The receipt or itinerary must include the following:

- The name of the employee and airline
- The ticket number
- The class of transportation
- The travel dates
- The amount of the airfare
- The origin and destination of each flight
- Proof of payment

Transportation Expenditures: Parking

The LEA may reimburse an employee for a parking expense incurred while traveling in a personally owned or leased vehicle, rental vehicle, or LEA-owned or leased vehicle. Parking reimbursement will not be paid if none of the mileage or rental cost is reimbursable.

Transportation Expenditures: Tolls

The LEA may reimburse an employee for tolls when the employee travels in a personally owned or leased vehicle, rental vehicle, or LEA-owned or leased vehicle. Tolls reimbursement will not be paid if none of the mileage or rental cost is reimbursable.

Transportation Expenditures: Four-Per-Car Rule

When LEA employees travel on the same dates with the same itinerary, they must coordinate travel. When four or fewer employees travel on the same itinerary, only one may be reimbursed for mileage. When more than four employees travel on the same itinerary, only one out of every four may be reimbursed for mileage.

Meals Expenditures

An LEA may be reimbursed for a meal expense incurred on a day that the LEA conducts LEA business outside their designated headquarters. The meal expense is only reimbursable if the employee is outside their designated headquarters for at least six consecutive hours.

Meal expenses incurred while traveling to and staying at a duty point the day before LEA business begins and traveling from a duty point the day after LEA business ends are reimbursable. Meal expenses incurred more than one day before or after the LEA business begins or ends are not reimbursable unless the expenses are incurred to qualify for a discount airfare or travel to and from the duty point reasonably requires more than one day.

The employee may only be reimbursed for their actual meal expense not to exceed the maximum meal reimbursement rate for that location. The state travel expense reimbursement rate is not a per diem. The maximum should not be claimed unless the actual expenditures equal or exceed the maximum allowable rate. The reimbursement limit applies without a carry-over from another day.

In-state and out-of-state meals rates are posted on the Comptroller's Textravel webpage for [Current Rates](#).

When an employee travels to more than one duty point outside the employee's designated headquarters without an intermediate return to the headquarters, then the maximum meal reimbursement for the day is equal to the highest of the maximum rates for the duty points visited.

Direct payment of meal expenses: If an LEA directly pays a commercial lodging establishment, a credit card issuer or a travel agency for lodging expenses incurred by the LEA's employee, the LEA may also directly pay meal expenses incurred by the employee at the lodging establishment.

Prohibited Meal Reimbursements:

- *Meal expenses incurred within a designated headquarters:* The LEA may not reimburse an employee for a meal incurred within the employee's designated headquarters unless it is mandatory and connected with training, a seminar or a conference.
- *Meal expenses incurred while not conducting LEA business:* An employee may not be reimbursed for a meal expense incurred while not conducting LEA business unless an

exception applies. Exceptions are outlined on the Comptroller’s Textravel webpage for [Exceptions](#).

- *Gratuities:* Tips or gratuities paid in conjunction with meal expenses are generally not reimbursable. A “mandatory” service charge may only be reimbursed if the service charge is imposed by an establishment and cannot be refused by the customer.
- *Alcoholic beverages:* The LEA may not reimburse an employee for the purchase of an alcoholic beverage.

Documentation Requirements for Meals:

The following maximum meal and lodging reimbursement rates apply to in-state travel. When traveling within 150-mile radius of the district, the district will not reimburse meals or lodging costs incurred for what could be one-day travel. Meals for staff are allowable if overnight stay is required. If partial travel days are used for overnight trips, the employee will be allowed what is appropriate based on departure and arrival times as indicated below. The meal reimbursement will be limited to the actual amount spent up to the maximum meal allowance for staff meals based on departure and arrival times as indicated below. If the registration or meeting agenda includes meals, then meals will not be reimbursed to the employee, excluding continental breakfast. Tips and gratuities are not reimbursable. Meal reimbursements are reimbursable for actual costs up to the GSA Rates depending on the city/county and are subject to change on a yearly basis.

a	Breakfast		Leave prior to 6:00 am
b	Lunch		Leave prior to 11:00 am; Return after 1:00 pm
c	Dinner		Leave prior to 5:00 pm; Return after 6:00 pm
	1 st Day of Travel	Per Diem	
	Last Day of Travel	Per Diem	

Meal Reimbursement: Non-Overnight Travel

If an employee on non-overnight travel receives reimbursement for meals, this amount would be considered income and must be reported on the employee’s W-2 tax form.

Lodging Expenditures

An employee is entitled to be reimbursed for lodging expenses incurred on a day that the employee conducts LEA business outside their designated headquarters. The lodging expense may only be reimbursed if it is incurred at a commercial lodging establishment. The LEA may not be

reimbursed for a lodging expense incurred while not conducting LEA business unless an exception applies. Exceptions are outlined on the Comptroller's Textravel webpage for [Exceptions](#).

Lodging expenses incurred the night before LEA business begins and the night after LEA business ends are reimbursable. Lodging expenses incurred more than one night before or after the LEA business begins or ends are not reimbursable unless the expenses are incurred to qualify for discount airfare or if travel to or from the duty point reasonably requires more than one day.

The LEA may directly pay a commercial lodging establishment, a credit card issuer or a travel agency for lodging expenses incurred by the LEA's employees.

The LEA will use contract travel services, if available, whenever those services provide the most efficient travel resulting in the total lowest cost.

The employee may only be reimbursed for their actual lodging expense not to exceed the maximum lodging rate for that location. The state travel expense reimbursement rate is not a per diem. The maximum should not be claimed unless the actual expenditures equal or exceed the maximum allowable rate. The reimbursement limit applies without a carry-over from another day.

The LEA must use the Federal rates provided by the General Services Administration (GSA) for both in-state and out-of-state travel within the contiguous United States. GSA rates may be accessed at the Comptroller's Textravel webpage for [Current Rates](#) or accessed directly at the [GSA Per Diem Rates webpage](#). Federal travel regulations are typically updated on October 1; however, changes may be made at any time during the year. It is possible for two sets of rates to apply to a single trip. If employees are traveling when the rates change, they must use the rates in effect on each specific day of travel.

Increasing the Maximum Lodging Rate:

Under certain circumstances, the maximum lodging rate may be increased.

- *Requesting a higher maximum lodging reimbursement rate:* The LEA may determine that local conditions necessitate an increase in the lodging rate for a particular location for both in-state and out-of-state travel. An example of a reason to request a higher rate is that no safe lodging is available at the maximum rate. A [sample calculation table](#) is available from the Comptroller.
- *Reducing meal reimbursement rate to increase lodging rate:* The LEA may claim less than the maximum meal reimbursement rate for a duty point and use the amount of the reduction to increase the maximum lodging reimbursement rate for the duty point. This is allowable for in-state and out-of-state travel.

Sharing Lodging:

- *When each individual sharing lodging is an LEA employee:* When at least two LEA employees share lodging, the LEA must reimburse each employee for their share of the lodging expense.

The reimbursement to each employee may not exceed the applicable maximum lodging reimbursement rate. Each employee must submit a travel voucher to receive reimbursement.

Example: Carol and Jennifer are employed by the same LEA and are planning a business trip to Colorado. The maximum lodging rate for the area in Colorado where they will be staying is \$90. The women would prefer to stay at a specific hotel that is most convenient to the location of their business meeting. The only problem is that the room rate in this hotel is \$140. Carol and Jennifer decide to share a room so they can stay in the hotel of their choice. The women are charged the \$140 per night, but since each woman would be allowed up to \$90 per night, the lodging cost is reimbursable. Carol and Jennifer may each claim their share of the lodging expense, which is \$70 per night.

- *When only one of the individuals sharing lodging is an LEA employee:* The LEA must reimburse the employee the room rate for a single occupancy or the applicable maximum lodging rate, whichever amount is less.

Inability to obtain reasonable lodging within the duty point:

An employee may be reimbursed for lodging and meals obtained outside of the duty point if the employee was unable to obtain reasonable lodging within the duty point. The lodging expense reimbursement may not exceed the maximum lodging reimbursement rate for the location where the location is obtained. In this situation, the meal expense reimbursement may not exceed the greater of the maximum meal reimbursement rate for the employee's duty point or the maximum meal reimbursement rate for the location where the lodging is obtained.

Multi-day travel to duty point:

When traveling to or from a duty point reasonably requires more than one day, the maximum amount the LEA may reimburse the employee for meal expenses incurred during that day is equal to the maximum meal reimbursement rate for the location in which the lodging was obtained on that day. If lodging is not obtained on that day, then the maximum reimbursement is equal to the maximum rate for the location in which lodging was obtained on the day after or prior. The maximum per commercial lodging establishment that an LEA may reimburse the employee for lodging expenses incurred on a day is equal to the maximum lodging reimbursement rate for the location in which lodging is obtained.

Documentation Requirements for Lodging:

To be reimbursed for a lodging expense, the employee must provide proof that the lodging expense was incurred. This normally takes the form of a lodging receipt.

A lodging receipt issued by a commercial lodging establishment, a travel agency or a broker is acceptable and must include the following:

- The name and address of the commercial lodging establishment
- The name of the employee
- The single room rate
- A daily itemization of the lodging charges
- Proof of payment

Lodging: Hotel Occupancy Taxes

An LEA employee is exempt from paying the state hotel occupancy tax. The employee is not exempt from paying the county or municipal hotel occupancy tax. The employee will submit to the hotel a copy of the district's Tax-Exempt form upon check-in.

Exception for travel outside Texas: The employee traveling outside Texas shall be reimbursed for their required payment of hotel occupancy or similar taxes. The taxes are classified as an incidental expense and not as a lodging expense for the purpose of the maximum reimbursement rate for lodging expenses.

Travel Cancellation Charges

The LEA may reimburse an employee for a cancellation charge, related to a travel expense, if the charge is incurred:

- For a reason related to LEA business, or
- For a reason related to LEA business that could not be conducted because of a natural disaster, or
- Because the employee was unable to use transportation that was paid in advance to obtain a cost savings because that employee was ill or had a personal emergency

Please see the Considerations for Disasters or Unexpected Events section of this manual for information regarding Expenditures for Cancelled Services and Travel During Disasters or Unexpected Events.

Discounts and Travel Expenses at No Cost

An employee may not be reimbursed for a travel expense unless the employee has incurred the expense.

An employee who receives free transportation or lodging in exchange for mileage, points, or other non-monetary credits has not incurred an expense for reimbursement purposes.

An employee may not be reimbursed for the value or cost of a discount on a travel expense unless the employee paid money to obtain the discount. If the employee paid money to obtain a discount, the employee may be reimbursed the lesser of: the cost of obtaining the discount; and the amount of the discount; and the maximum that may be reimbursed to an employee for the type of travel expense incurred. If the employee receives a discount as a benefit of making unrelated purchases

or conducting unrelated business with the provider of the discount, the discount is considered to be provided free to the employee.

An employee may be reimbursed for travel expenses incurred while staying extra days at a duty point to qualify for discount airfare if:

- The amount of the reimbursement plus the amount of the discount airfare is less than the contract airfare or average coach airfare that would be available had the employee not stayed extra days at the duty point; and
- The expenses are the same type of expenses incurred during the other days at the duty point; and
- The LEA determines that the employee's absence for the extra days is not detrimental

Discounts for frequent use of a commercial lodging establishment:

Travel discounts or bonuses earned from travel paid with public funds can only be used for a private purpose if it cannot be used for a public purpose. The LEA determines whether a discount or bonus can be used for a public purpose.

A discount or award given for travel, such as frequent flyer miles, rental car or hotel discounts or food coupons, are not things of value belonging to the LEA and may be used by the employee.

Registration Fees

In accordance with [34 CFR 76.707](#), the obligation for travel occurs when the travel is taken, which means Federal funds cannot be used for travel expenditures until the travel occurs. The LEA must use a different fund source to pay for expenditures in advance and then reimburse with Federal funds on or after the day of travel.

In accordance with [34 CFR 76.707](#), the obligation for personal services by a contractor who is not an employee of the LEA occurs on the date on which the LEA makes a binding written commitment to obtain the services.

In accordance with TEA guidance regarding registration fees, in the TEA [EDGAR FAQ document](#), Q,5.3, the LEA has a discretion on how to incur and code the obligation for registration fees: either as travel or as personal services by a contractor.

If obligated as travel (64xx), the registration fee is obligated the day the conference or meeting begins and may not be paid with Federal funds until the travel is taken.

If obligated as personal services by a contractor (62xx), the registration fee is obligated the day the registration is submitted and Federal funds may be used at that time. The benefit of obligating

registration fees as personal services by a contractor is that the LEA may benefit from reduced cost registration fees when registering early for conferences or trainings.

Regardless of how the LEA chooses to treat the obligation of registration costs, the LEA must be consistent in its treatment.

Travel Requests and Approval Process

All employee and student requests for travel, except in emergency situations, outside of the school district, should be submitted to the employee's immediate supervisor for approval of at least two weeks prior to the date of travel to be considered as authorized travel. For hourly employees on approved travel, only the driver will be compensated for the time spent traveling to and from the destination. A copy of the program, brochure, or letter of invitation must be attached to requests to attend workshops and conferences. A copy of the AESOP leave request must be attached to the travel request. The Superintendent of Schools or designee must approve all travel in advance for Principals and Executive Directors. All other travel requests will need to be approved by the appropriate Executive Director for that Division, according to the District's Organizational Chart.

TRAVEL DOCUMENTATION:

Travel costs must be properly documented to be reimbursable. The employee must document actual travel costs with a travel voucher or other comparable documentation within 30 business days from the return date of the trip. Documentation must include the following at a minimum:

- Name of the individual claiming travel reimbursement.
- Destination and purpose of the trip, including how it was necessary to accomplish the objectives of the grant project or district/campus goal (i.e., educational purpose).
- Departure and arrival dates and times of travel.
- Actual mileage (not to exceed reimbursement at the maximum allowable rate).
- Actual amount expended on lodging per day, with an itemized receipt attached (may not exceed the maximum allowable).
- Actual amount expended on meals per day (may not exceed the maximum allowable; tips and gratuities are not reimbursable).
- Actual amount expended on a public transportation, such as taxis and shuttles, with receipt attached.
- Actual amount expended on a rental car, with receipt attached and justification for why a rental car was necessary and how it was more cost effective than alternate transportation; receipts for any gasoline purchased for the rental car must be attached (mileage is not reimbursed for a rental car – only the cost for gasoline is reimbursed).
- Actual amount expended on incidentals, such as hotel taxes, copying of materials, and other costs associated with the travel, with receipts attached.
- All receipts shall be in detail – a credit card charge slip without the detail receipt will not be accepted for reimbursement or settlement.
- Total amount requested for reimbursement to the traveler.

- Proper documentation such as agenda, certificate of attendance/completion, copy of descriptive portion of training material (cover page and table of contents only), and copy of sign-in sheet (in district training) or badge (out of district trainings).

Record Retention and Access

Records Related to Grant Funds [34 CFR §76.730](#) and Compliance [34 CFR §76.731](#)

Requirement:

The LEA shall keep records that fully show:

- The amount of funds under the grant or subgrant
- How the LEA uses the funds
- The total cost of the project
- The share of that cost provided from other sources
- Other records to facilitate an effective audit

The LEA shall keep records to show its compliance with program requirements.

Implementation:

Federal Programs Department is responsible for ensuring records related to Federal awards and compliance are kept and available upon request.

Retention Requirements for Records

[2 CFR §200.334](#)

Requirement:

Financial records, supporting documents, statistical records, and all other LEA records pertinent to a Federal award must be retained for a period of three* years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity (TEA).

*Although the Uniform Guidance [2 CFR §200.334](#) requires record retention for three years, the General Education Provision Act (GEPA) – Enforcement, stipulates that USDE is authorized to seek recovery of misspent funds within five years from the time the LEA received a notice of disallowance decision. [34 CFR §81.31\(c\)](#)

Therefore, the LEA should retain records for a minimum of five years rather than three years. The LEA retains records based on the number of years for the type of records as describe in Board Policy.

Exceptions:

- If any litigation, claim, or audit is started before the expiration of the retention period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.
- When the LEA is notified in writing by the Federal awarding agency, cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or pass-through entity to extend the retention period.
- Retention period for records for real property and equipment starts after final disposition.
- When records are transferred to or maintained by the Federal awarding agency or pass-through entity, the retention requirement is not applicable to the LEA.
- Records for program income transactions that occur after the period of performance: In some cases, recipients must report program income after the period of performance. When there is such a requirement, the retention period for the records pertaining to the earning of the program income starts from the end of the LEA's fiscal year in which the program income is earned.
- Indirect cost rate proposals and cost allocation plans: This applies to the following types of documents and their supporting records:
 - Indirect cost rate computations or proposals
 - Cost allocation plans
 - Any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates)

If submitted for negotiation: If the proposal, plan, or other computation is required to be submitted to the Federal Government (or to the pass-through entity) to form the basis for negotiation of the rate, the retention period for its supporting records starts from the date of such submission.

If not submitted for negotiation: If the proposal, plan, or other computation is not required to be submitted to the Federal Government (or to the pass-through entity) for negotiation purposes, then the retention period for the proposal, plan, or computation and its supporting records starts from the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.

Implementation:

Business Office is responsible for record retention processes.

Requests for Transfer of Records

[2 CFR §200.335](#)

Requirement:

The Federal awarding agency must request transfer of certain records to its custody from the LEA when it determines that the records possess long-term retention value. However, in order to avoid duplicate record-keeping, the Federal awarding agency may make arrangements for the LEA to retain any records that are continuously needed for joint use.

Implementation:

The LEA will comply with instructions from the Federal awarding agency, as applicable.

Methods for Collection, Transmission, and Storage of Information [2 CFR §200.336](#)

Requirement:

The Federal awarding agency and the LEA should, whenever practicable, collect, transmit, and store Federal award-related information in open and machine-readable formats rather than in closed formats or on paper in accordance with applicable legislative requirements.

A machine-readable format is a format in a standard computer language (not English text) that can be read automatically by a web browser or computer system. The Federal awarding agency or pass-through entity must always provide or accept paper versions of Federal award-related information to and from the LEA upon request.

If paper copies are submitted, the Federal awarding agency or pass-through entity must not require more than an original and two copies. When original records are electronic and cannot be altered, there is no need to create and retain paper copies. When original records are paper, electronic versions may be substituted through the use of duplication or other forms of electronic media provided that they are subject to periodic quality control reviews, provide reasonable safeguards against alteration, and remain readable.

Implementation:

Records are maintained under the supervision of the district's Records Management Officer. Records are maintained based on the TSLAC recommendations and schedule for the type of records being stored and maintained <https://www.tsl.texas.gov/slr/localretention> Records will be available and provided to awarding agencies to meet reporting requirements and to auditors and monitors.

Access to Records

[2 CFR §200.337](#)

Records of non-Federal entities. The Federal awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, must have the right of access to any documents, papers, or other records of the LEA which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the LEA's personnel for the purpose of interview and discussion related to such documents.

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

Expiration of right of access. The rights of access in this section are not limited to the required retention period but last as long as the records are retained. Federal awarding agencies and pass-through entities must not impose any other access requirements upon non-Federal entities.

Restrictions on Public Access to Records

[2 CFR §200.338](#)

No Federal awarding agency may place restrictions on the LEA that limit public access to the records of the LEA pertinent to a Federal award, except for protected personally identifiable information (PII) or when the Federal awarding agency can demonstrate that such records will be kept confidential and would have been exempted from disclosure pursuant to the Freedom of Information Act ([5 U.S.C. 552](#)) or controlled unclassified information pursuant to Executive Order 13556 if the records had belonged to the Federal awarding agency.

The Freedom of Information Act ([5 U.S.C. 552](#)) (FOIA) does not apply to those records that remain under an LEA's control except as required under [§200.315](#). Unless required by Federal, state, or local statute, LEAs are not required to permit public access to their records. The LEA's records provided to a Federal agency generally will be subject to FOIA and applicable exemptions.

Implementation:

The District has safeguards in place to ensure that the personal information of both students and employees is protected with password policies that require frequent changes. Employees receive

training on the requirements of the Family Educational Rights and Privacy Act (FERPA). Procedures are in place for when a request for documentation is made to ensure that the person has the right to the documentation.

Self-Monitoring and Audit Resolution

Self-Monitoring and Reporting Program Performance

[2 CFR §200.329](#)

Requirement:

The LEA is responsible for oversight of the operations of the Federal award supported activities. The LEA must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring by the LEA must cover each program, function, or activity.

The LEA 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.

Construction performance reports: For the most part, onsite technical inspections and certified percentage of completion data are relied on heavily by Federal awarding agencies and pass-through entities to monitor progress under Federal awards and subawards for construction.

Implementation:

The Special Education Department conducts self-assessment in the spring with an accumulation of formal/informal data throughout the academic school year.

Corrective actions, including the actions required, the persons responsible, and the target date for completion, will be developed to address any deficiencies. Any discrepancies or deficiencies detected or discovered will be immediately corrected and processes or systems will be put into place to ensure such discrepancies do not occur again.

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

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

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

The LEA will self-monitor implementation of their written policies and procedures on an annual basis and update their procedures manual when applicable.

Federal Programs staff will monitor compliance with written policies and procedures.

Audit Requirements

[2 CFR §200.501](#)

Requirement:

Audit required. A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part.

Single audit. A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single audit conducted in accordance with [§200.514](#) except when it elects to have a program-specific audit conducted.

Exemption when Federal awards expended are less than \$750,000. A non-Federal entity that expends less than \$750,000 during the non-Federal entity's fiscal year in Federal awards is exempt from Federal audit requirements for that year, except as noted in [§200.503](#), but records must be available for review or audit by appropriate officials of the Federal agency, pass-through entity, and Government Accountability Office (GAO).

Auditee Responsibilities 2 CFR §200.508

Requirement:

The auditee must:

- Procure or otherwise arrange for the audit required by this part in accordance with [§200.509](#), and ensure it is properly performed and submitted when due in accordance with [§200.512](#).
- Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with [§200.510](#).
- Promptly follow up and take corrective action on audit findings, including preparation of a summary schedule of prior audit findings and a corrective action plan in accordance with [§200.511\(b\) and \(c\)](#), respectively.
- Provide the auditor with access to personnel, accounts, books, records, supporting documentation, and other information as needed for the auditor to perform the audit required by this part.

TEA Guidance Regarding Single-Audit Requirements

TEA's [Monitoring of Single-Audit Findings webpage](#) provides guidance and information regarding the single-audit requirement.

The LEA must submit the single-audit report to TEA with their annual financial and compliance reports (AFRs) and must also submit their AFRs to the [Federal Audit Clearinghouse](#).

Implementation:

The Business Office determines if the LEA is required to have a single-audit conducted by an independent auditor and also submits the AFR to TEA and to the Federal Audit Clearinghouse. The Executive Director of Financial Services and the Superintendent reviews the results of audits. Following the audit review, the LEA will initiate corrective action and monitor for implementation and results.

Considerations for Disasters or Unexpected Events

In this section of the manual, considerations are addressed for disasters or other unexpected events, such as a pandemic, that results in an interruption of operations or services, including closure to the LEA's buildings.

The LEA will follow TEA guidance and the applicable statutes, regulations, and terms and conditions of Federal disaster awards or Federal stimulus awards.

Compensation During Times of Interruption of Operations or Services

If a disaster or other unexpected event, such as a pandemic, results in an interruption of operations or services, or closure to the LEA's buildings, the LEA will continue to pay Federally-funded salary and hourly-wage staff who, as a result of the interruption or closure, are (1) on administrative leave, or (2) teleworking, consistent with how the LEA is paying state or locally funded staff.

If an employee's duties or responsibilities change as a result of the disaster or unexpected event, the employee's job description will be updated to reflect the activities. Federal funds cannot be charged for duties that are not aligned to the purpose and intent of the grant.

Federally-funded staff working on multiple cost objectives should maintain the same type time and effort documentation as normal. If that is not possible, the LEA will allocate the charges to the Federal award based on an average of the employee's last three months' documented time and effort records.

Premium pay (overtime) may be paid during disasters or other unexpected events, such as a pandemic depending on the position and the work that is to be performed.

Please see the Special Considerations and Incentive Compensation sections of this manual for additional information regarding increased compensation during a disaster or unexpected event, such as a pandemic.

Expenditures for Cancelled Services

As a result of a disaster or unexpected event, such as a pandemic, some services that were cancelled might have certain fees still charged.

Federal grant funds may be used to reimburse unrefunded costs, provided:

- The LEA seeks to recover nonrefundable costs from the entity
- The LEA seeks to exercise force majeure or emergency provision clauses to the extent possible in light of the disaster or unexpected event, such as a pandemic
- The costs were reasonable and incurred in order to carry out an allowable activity under the grant, consistent with the Federal cost principles of [2 CFR Part 200, Subpart E](#).

Documentation must be maintained to substantiate the charging of any cancellation or other fees related to the interruption of operations or services, or closure of the buildings.

Travel During Disasters or Unexpected Events

Due to safety or health concerns during a disaster or unexpected event, such as a pandemic, grant-supported travel generally should not be occurring. However, if travel is permitted by Federal, State, or local directives and is the only means to carry out an essential grant function that must be undertaken on a time-sensitive basis during the disaster or unexpected event, and is consistent with the LEA's travel policy, travel insurance is an allowable cost, provided the cost is reasonable and allocable to the grant, consistent with the Federal cost principles of [2 CFR Part 200, Subpart E](#).

Accounting Records for Expenses Related to the Disaster/Stimulus Funds

The LEA will keep records to document services provided, or expenditures incurred, during disasters or unexpected events, such as a pandemic, that results in an interruption of operations or services, or closures to the LEA's buildings, including:

- The need for the expenditure and justification to substantiate the charging of costs to Federal grant funds related to the interruption of operations or services
- How the expenditure is related to the disaster or unexpected event, such as a pandemic

- The methodology the LEA used to provide services to public schools, and private nonprofit schools, if applicable
- Use of funds and amounts expended
- How the LEA prioritized needs to determine use of funds
- The LEA's timeline for providing services
- Pre-award costs and expenditures, if allowed under the Federal award
- Local option codes in the accounting code structure to identify expenditures related to the disaster or unexpected event, such as a pandemic, including expenditures that will be charged to or reimbursed by a Federal disaster award or Federal stimulus award
- If noncompetitive procurement is used under the emergency or exigency exception, documentation and justification for the noncompetitive procurement

Alternative methods for documentation of services rendered, when sign-in sheets are not feasible due to the disaster or unexpected event, the LEA will substitute other methods of documentation, as deemed acceptable by the LEA.

[FEMA](#) (Federal Emergency Management Agency) Documentation should include:

- Force account labor (personnel)
- Force account materials
- Force account equipment (regular time and overtime)
- Rentals
- Contracts
- Donated resources
- Procurement documentation

Electronic Signatures

The LEA allows for the acceptance of electronic signatures for documentation and records addressed in this manual whenever applicable or allowable.

If allowed, the LEA ensures that the signatory can be uniquely identified and linked to the signature and employs adequate authentication methods to verify signer identity.

The following resources provide guidance for implementing electronic signatures:

- [1 TAC 203 Management of Electronic Transactions and Signed Records](#)
- [Guidelines for evaluating the effectiveness of a given signature method and for matching the signature method to the applicable degree of risk involved](#)

