



Pasadena Independent School District

A Texas Recognized District

State & Federal Grants Manual

2023-2024

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General Information

The district has established fiscal procedures that apply to all financial transactions regardless of the funding source. A separate section in this Business Office Procedure Manual will include specific procedures related to acquiring, expending, and managing grant funds.

In accordance with PISD School [Board Policy](#), BP Local, the Superintendent and administrative staff shall be responsible for developing and enforcing procedures for the operation of the District. These procedures shall constitute the administrative regulations of the District and shall consist of guidelines, handbooks, manuals, forms, and any other documents defining standard operating procedures. This State and Federal Grants Manual will be reviewed on an annual basis, or as appropriate, if federal, state or local changes in regulations or policy warrant immediate changes.

Administrative regulations [procedures] are subject to Board review but shall not be adopted by the Board.

The use of "Grant Administrator, Grant Manager and Site Manager" throughout this document shall refer to the specific Grant Administrator, Grant Manager and Site Manager by federal grant as listed in the [Awarded Grant List](#).

Mission Statement

The mission of Pasadena ISD, the gateway to unlimited opportunity for our culturally rich community, is to empower students to become accomplished, self-directed, and collaborative, lifelong learners, who boldly contribute to an increasingly complex and evolving world by engaging them in positive relationships, rigorous curriculum and innovative meaningful experiences.

District Requirements

All staff are expected to comply with the:

- **Code of Ethics and Standard Practices for Texas Educators [Board Policy DH],**
- **School Board Policy CAA Local regarding fraud,**
- **Pasadena ISD Code of Conduct (Employee Handbook),**
- **Confidentiality Agreement, and**
- **Pasadena ISD Acceptable Use Guidelines.**

Each staff member is required to have an up-to-date job description on file in the Human Resources department. In addition, each staff member should receive and sign a job description and corresponding evaluation instrument during the annual evaluation process or as appropriate. Changes to job descriptions should be made when substantial changes occur in job duties or responsibilities.

General Ledger Maintenance

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

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

The District uses the minimum 15-digit account code structure mandated in FAR to record all revenues, encumbrances, and expenditures. The accounting staff responsible ensures that the district uses the minimum 15-digit account code structure. The accounting staff reviews journal entries to ensure that proper coding is used.

Journal Entries

All general ledger entries will be in balance (debits shall equal credits).

A Journal Entry form will be used to document all entries. All journal entries are numbered for tracking purposes. An automated numbering system will be utilized by the district. The campus/department secretary or bookkeeper will submit a journal entry form with back-up to the Jr. Accountant or Staff Accountant, which will be researched and then entered into the ERP System. Then one of the other Staff Accountants will review and approve the entry. Once approved the journal entry can be released to post to the general ledger. Journal entries created by the accounting office, will need to be approved by the Lead Staff Accountant, Executive Director of Business Services, or CFO before they can be released for posting.

All payroll general journals are interfaced to the finance system by the payroll department. The Payroll Coordinator will verify that the pre-post payroll general journals and the payroll general journals are in

balance and posted accurately to the general ledger. All payroll general journal entries must be posted to the general ledger on or before the actual pay date.

All changes to the general ledger should be posted within the same month as the changes occurred, if possible, or as soon as practicable. At times, prior to closing the month, additional reconciling journal entries may be posted in accordance with the creation and approval guidelines.

School Board Reports and a detailed Check Register for the previous month should be generated and forwarded to the Executive Secretary of the Chief Financial Officer for board review. The financial reports and check register are included in the monthly Board packet, but not required to be approved by the School Board.

All reports should be filed for audit purposes including, but not limited to, the following:

- Cash General Journal
- General Journal
- Check Register
- Detail General Ledger
- Summary General Ledger

On a monthly basis, accounting staff responsible will reconcile each grant fund and prepare a reimbursement spreadsheet then send the spreadsheet to the Grant Administrator and/or Grant Manager for them to review and approve, along with the statement certifying the reimbursement. Any additional reports that are required by the grantor will be completed by the Grant Administrator or Grant Manager or Site Manager.

Data Entry and Validation

All data entry will be from the appropriate source document(s). All data entry will be validated (verified) with the source documents. A system of checks and balance shall be in place to ensure that all postings to the general ledger result in the desired outcome. All manual journal entries are validated before they are posted to the general ledger. These entries are checked daily.

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 is automatically assigned in a sequential order. A log of the journal numbers utilized each fiscal year are available in an automated form.
- **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 expense, etc.
- **Supporting document** – supporting documentation shall be attached to the journal entry form for audit tracking purposes

- **Campus name and number** – this must be the name and number of the campus requesting the journal entry.
- **Signatures** – the form must be signed by the preparer of the form and by the budget holder, and if grant funds are involved, the Grant Administrator and/or Grant Manager and/or Site Manager. Grant Administrator and/or Grant Manager and Site Manager should ensure that all transactions involving local, state and federal expenditures are reasonable and necessary to carry out the goals and objectives of the program being charged.

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

- **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. If accounts do not exist on the general ledger, one of the Payroll Senior Bookkeepers will contact one of the Staff Accountants or Director of Budget to verify the account code for accuracy and if accurate, the account code will be created in the finance system.

End of Month Process

Within 15 days after the end of the month, all end-of-month reports should be saved and verified, and the end-of-month process completed. There are four (4) steps in completing the end-of-month process as listed below:

- End of Month Activities (Report Generation & Verification)
- Run End of Month Reports (archival purposes)
- Process the End of Month close
- Reconciliation of all bank accounts

End of Fiscal Year Process

All changes to the general ledger should be posted within the same month as the changes occurred, if possible, or as soon as practicable. Within 60 days after the fiscal year, all end-of-fiscal year reports should be printed and verified for audit purposes.

All end-of-fiscal year adjustments should be posted to the general ledger prior to closing out the fiscal year. Prior to the start of the audit field work, the following adjustments will be posted to the general ledger:

- **Reconcile all cash and investment accounts** – all cash and investment accounts shall match the corresponding bank or investment general ledger balances as of August 31st, as reflected on the respective monthly statement.
- **Reconcile all revenue accounts with amounts received and/or earned as of August 31st** – All measurable revenue should be posted to the general ledger. For example, all state aid earned as of the most recent Summary of Finance report shall be posted to the appropriate state revenue accounts.

- **Reconcile all grant revenue and expenditures** – the revenue and expenditures in every grant program (state and federal) should equal. The excess revenue if any should be reclassified to a payable to the granting agency, unless the excess revenue is an advance payment (deferred revenue). If expenditures exceed revenue, the amount due from the granting agency should be posted to the revenue account and accounts receivable accounts.
- **Reconcile the final amended budget** – verify that all budget amendments (at the functional level, for non-grant funds) have been posted to the general ledger. The sum of the original budget, plus all budget amendments during the fiscal year shall equal the final amended budget.
- **Reconcile and post all accounts receivables** – all funds due from other sources, as of August 31st, shall be posted to the general ledger. The receivables shall be measurable and expected to be received within 60 days after the end of the fiscal year in accordance with the district's accounting standards.
- **Reconcile and post all accounts payables** – all payables due to others (such as vendors), as of August 31st, shall be posted to the general ledger. The amounts due for all goods and/or services received as of August 31st are classified as accounts payable and paid during the next fiscal year. The district has established a September 30th cut-off for prior year accounts payables, unless the accounts payable expense exceeds \$100,000 to the end of the audit field work. [Note. The accounts payable account (2111) is reconciled to all outstanding purchase orders at year end.]
- **Reconcile all accrued wages and benefits as of August 31st** – All accrued wages and benefits shall be posted to the general ledger, especially for all wages earned in August but scheduled to be paid in the next fiscal year (on or after September 1st).
- **Reconcile all TRS deductions and payments as of August 31st** – All TRS employee and employer deductions and expenses shall be posted to the general ledger and paid to TRS before the end of the fiscal year. Any funds remaining in object code 2155 shall be reconciled to identify under and/or overpayment to TRS.
- **Reconcile all mandatory and voluntary deductions as of August 31st** – All mandatory (social security, withholding tax, and garnishments) and voluntary deductions (insurance and other benefits) shall be posted to the general ledger and disbursed as required by law. Any remaining funds in object codes 2151, 2153 and 2159 shall be reconciled at year end.
- **Reconcile all prepaid expenses as of August 31st** – All prepaid expenses shall be posted to the general ledger to object code 1411. A prepaid expense is typically one that represents a disbursement of funds (payment) for goods or services that will be received or utilized in the next fiscal year. For example, a maintenance agreement that has a term of January 1st through December 31st, would have an expense for 12 months in the current fiscal and a prepaid expense of 4 months at the end of the fiscal year. [Note. The prepaid expenses should be cleared in the next fiscal year by posting the expense to the appropriate expense account code(s).]
- **Reconcile the fixed assets ledger with all fixed asset additions, deletions, or changes** – All assets (as defined in the [Business Office Procedure Manual](#)) acquired during the fiscal year shall be added to the fixed asset system in the ERP System. All assets disposed of (sold or lost) shall be removed from the fixed asset system. Changes, if any, to the location, value, or category of assets shall be posted to the fixed asset ledger in Fund Code 901.
- **Reconcile the fund balance as of August 31st** – All changes, reductions, additions, and/or designations [restricted, committed, assigned, etc.] of fund balance accounts shall be posted to the general ledger. All budgetary fund balance accounts shall be posted to the appropriate fund

balance account. [Note. Changes to the budgeted and committed fund balances should be supported by minutes of Board approval.]

Segregation of Duties

At a minimum, the business department staff will operate under a segregation of duties, including but not limited to, the following:

- **Endorsement of checks** – The same staff member shall not prepare and endorse accounts payable or payroll checks.
- **Bank reconciliations** – The same staff member shall not prepare cash disbursements, cash deposits, or other cash transactions and reconcile the district's bank accounts.
- **Maintain non-cash accounting records** – The same staff member shall not prepare non-cash general ledger transactions and post the transactions to the general ledger.
- **Purchasing and Receiving functions** – The same staff member shall not serve as the final approver of a purchase order and verify receipt of the goods.
- **Contract Management** – The same staff member shall not approve a contract for goods or services and have sole approval authority to disburse the payment for the contracted goods or services.
- **General Ledger Maintenance** – The same staff member shall not prepare, approve and post a general ledger transaction, unless a specific exception exists in the district procedures.

Retention of Records

All financial records for the current fiscal year shall be retained for audit purposes in accordance with the district Local Records Retention Schedule. Destruction of records, at the expiration of the records, shall also be in accordance with the district's Local Records Retention Schedule. The list of all records destroyed is a permanent document. Unless a record that has been destroyed is specifically listed on a Destruction Schedule, it is presumed to still exist. The local retention period or federal retention period, whichever is longer, shall prevail.

Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of five 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 in the case of a sub recipient. [2 CFR 200.333]

The district shall maintain grant-related records in a combination of paper and electronic formats.

The following records shall be maintained in paper or electronic format:

- Grant Applications
- Amendments
- Budget calculations, including salaries

- Grant Expenditure Reports with supporting backup
- E-Rate forms, Item 21 and Correspondence
- MAC/SHARS Financial Reports
- MAC Certification Statements
- Time & Effort Logs
- Federal meeting agendas, handouts, sign in sheets and minutes
- Attestation Letters
- Needs Assessment
- Purchase orders, with back up
- Interview Documentation
- Performance Reports
- Evaluation Reports
- Site visit forms
- Key email correspondence
- E-Rate Correspondence
- Participations List and back-up for MAC/SHARS Financial Reports
- Federal grant related records

In accordance with federal regulations, the district shall maintain the grant-related records in an open and machine-readable format. Specifically, the district shall use the following formats to store electronic data.

- Microsoft products such as Word, Excel, Access, etc.
Financial Management System, ERP System, Business, Human Resources, Assets, Purchasing, etc. modules

The Records Custodian for the financial records of the district is Associate Superintendent of Accountability and Compliance. All questions related to the retention, destruction, and/or addition of new record series shall be directed to the Campus or Department's Records Management Officer, then forwarded to the Associate Superintendent of Accountability and Compliance.

Data System Security & Access to Records

Business department staff handles and/or processes a substantial amount of confidential information. All staff are strictly prohibited from revealing confidential information to an unauthorized individual. Unless required by Federal, state, and local statute, the district is not required to permit public access to their records. The district shall make all grant-related records available for access to the federal granting agency and/or pass-through entity upon request.

All staff are expected to sign a [Confidentiality Agreement](#) on an annual basis. Among the most critical information is documentation related to employee's Personally Identifiable Information (PII) such as health, benefits, financial, family members, or other personal information. Violators will be subject to

discipline, employment termination, and/or may be reported to the appropriate legal authorities. Violations of some protected information, such as health or medical information, is also protected by federal laws, such as HIPPA.

Unless notified otherwise by the federal granting agency, the district shall retain all financial and program records related to the grant award in accordance with the federal grant. Upon request from the federal granting agency, the district shall transfer the records to the requesting federal agency.

The business department staff shall be authorized to access the district(s) financial and/or payroll system(s) for job-related purposes only. Use of the systems for personal reasons or benefit will result in disciplinary action, up to and including employment termination.

Each staff member will take appropriate steps to ensure that their respective computer system is managed in a controlled environment to prevent unauthorized access. At no time (including lunch breaks) will a computer system be logged on to a financial data system while unattended by the respective staff member. Auto-logout of the web-based application after 20 minutes of nonuse.

Assignment of Access and Passwords

Access to data systems shall be based on the specific job duties and responsibilities of each staff member. Except for limited exceptions, staff will not be given unilateral access to all modules in the financial and payroll system. For example, a payroll staff member will not have access to the human resources system unless the access is limited in scope and “read-only”. These restrictions to unilateral access are designed to prevent complete autonomy which could lead to fraud.

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

Data system access to the authorized modules, shall be determined by the Chief Financial Officer. Each staff member will have access to their respective database(s) and tabs within a database based on their position. Security roles will be established and assigned with the specific access to each module. In the event that a staff member gains access, due to human or software error, that he/she is not entitled to, it is the responsibility and duty of the staff member to notify the Supervisor, regarding the ability to access the restricted database or module(s).

Revoking Access

Access to data systems is subject to change and/or revocation when changes occur to a staff member’s position, duties or responsibilities. Access to data systems is also subject to revocation when a staff member violates the Acceptable Use Policy. Each staff member is required to review the Acceptable Use Policy every fiscal year at:

Business Staff Training

In an effort to support compliance of fiscal policies and procedures, the business department will conduct the Business Office Procedure Manual meeting for campus and department administrative and support staff. The Director of Budget will be responsible for developing the training calendar. Critical training areas will include, but not be limited to:

- **Account coding**
- **Payroll Compliance Issues**
- **Financial Compliance requirements**
- **Legal changes, such as Purchasing**
- **State and Federal Grants Management**
- **Travel Guidelines**
- **Worker's Compensation**
- **Cash Handling**
- **Allowable and Unallowable purchases**

The Business department staff members will be afforded an opportunity to attend at least 20 hours per year (for a total of 60 every 3 years) through TASBO or a TASBO-approved CEU provider. Training opportunities for other certification or licensing programs, such as a CPA, shall be provided in a manner that seeks to meet the continuing education requirements for that specific certification or license.

Additional training requests should be submitted to the employee's immediate supervisor. It is the employee's responsibility to request additional training that he/she feels will be beneficial in performing the assigned job tasks. At times, the immediate supervisor may also recommend or direct that a staff member attend specific training to improve their skills or comply with a Growth Plan.

State and Federal Grant Management

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

- **Grants Administration Division**
 - Provides centralized administration of all formula and discretionary state-appropriated funds and federal grant funds awarded to TEA.
- **Federal Fiscal Compliance and Reporting Division**
 - Oversees activities of federal grant programs to determine whether organizations are in compliance with fiscal requirements to ensure that grant recipients spend funds in the manner specified by the grant program.

- **Federal Fiscal Monitoring Division**
Monitors the expenditures of federal grant recipients to ensure federal funds are used for authorized purposes in compliance with federal statutes, regulations, and terms and conditions of the federal awards.

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

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

Federal Regulations for Federal Grant Awards

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

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

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

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

Overview of the Education Department General Administrative Regulations (EDGAR). The EDGAR, as amended on December 26, 2014, includes six (6) subparts under 2 CFR Part 200 of EDGAR as noted below:

- Subpart A – Acronyms and Definitions
- Subpart B – General Provisions
- Subpart C – Pre-award Requirements
- Subpart D – Post-award Requirements
- Subpart E – Cost Principles
- Subpart F – Audit Requirements
- Appendices – I through XI

Generally, 2 CFR Part 200 applies to all programs under the Every Student Succeeds Act (ESSA) and may apply to other US Department of Education grants. **NOTE. The Title VII (Impact Aid) Program is specifically excluded from 2 CFR Part 200. [Reference: 34 Part 299.2]**

The EDGAR in its entirety can be accessed at: [Education Department General Administrative Regulations \(EDGAR\) and Other Applicable Grant Regulations.](#)

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

To ensure consistency with the EDGAR, the district shall utilize the acronyms and definitions included in the EDGAR for general terms related to the management of federal grant funds. The [EDGAR Acronyms and Definitions](#) can be found in CFR 200.0 through 200.1, respectively.

Programmatic regulations for each of the district's federal grant awards are hyperlinked in the List of Grant Awards for easy access to the Fiscal Guidelines, Allowable Costs, and/or other programmatic regulations.

At the District level, managing State and Federal Grants will be a collaborative process between the Business (Accounting, Budget, Financial Compliance , Payroll and Purchasing), Human Resources, Career and Technical Education, Grants Departments and the Site Manager, Grant Manager and Grant Administrator. 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.

Business Department

- The Accounting staff responsible for handling the grant will review the budget pages with the Grant Manager, Grant Administrator and/or Grant Department to assist with what codes need to be used and set up the codes to be used for the grant.
- Assisting the Grant Manager, Grant Department and/or Grant Administrator with preparing the budget; posting the initial budget and all amendments to the general ledger
- Preparing 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, Grant Administrator and/or Grant Department's reconciliation of the time and effort reports, as appropriate if adjustments are necessary
- Managing the day-to-day cash needs for grant expenditures and drawing-down cash reimbursements after approval from the Grant Manager, Grant Administrator and/or Grant Department, as appropriate
- Assist the Grant Manager, Grant Administrator and/or Grant Department with 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
- Ensuring that all purchasing regulations are met and proper authorization occurs to the release of a purchase order
- Identifying who is authorized to use credit, debit, gift, or procurement cards, if any

Human Resources Department

- Assisting the Grant Manager, Grant Administrator and/or Grant Department 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, as well as 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
- Assisting Grant Manager, Grant Administrator and/or Grant Department in the preparation of the Highly Qualified Staff Annual Report and in conducting the required public notice or hearing, as appropriate
- Maintaining audit-ready Human Resource employee files for financial audit or single audit purposes, as appropriate
- 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)
- Assisting the Grant Manager, Grant Administrator and/or Grant Department 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

Grant Administrator, Grant Manager and/or Grant Department

- Working cooperatively with the campus administrative staff and/or site manager to ensure that all grant activities are collaboratively planned and appropriate to each campus
- Providing supporting documentation for budgeted grants funds. And, submitting all grant amendments to the business department to facilitate budget amendments
- Assisting the Human Resources department with determining the payroll distribution code(s) for grant-funded staff for formula grants
- 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 business 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 department regarding the number and type of grant-funded positions approved in the grant application by the granting authority
- Verifying with the Human Resource department that all grant-funded staff meet the Highly Qualified Staff federal guidelines, as appropriate (And, all state certification requirements)
- Verifying with the Human Resource department that all grant-funded staff have a job description with the grant-related duties and funding. (And, that all grant-funded staff sign a job description on an annual basis)

- Verifying with the Human Resource department that the Highly Qualified Staff Annual Report and conducting the required public notice or hearing, as appropriate
- Assisting the Human Resource department with determining the position title, Role ID and other salary information for use in completing the grant application

Grants Department (Discretionary grants)

- Working cooperatively with the campus administrative staff and/or site manager to ensure that all grant activities are collaboratively planned and implemented according to the grant as written
- Submitting all grant amendments to the business department to facilitate budget amendments
- Assisting the Human Resources department with determining the payroll distribution code(s) for grant-funded staff for discretionary grants
- Providing assistance to the Grant Manager, Grant Administrator and/or Grant Department on grant-related programmatic (evaluation) reports (monthly, quarterly and/or annual)
- Conducting compliance site visits where documentation (time and effort, sign-in sheets, expenditure receipts, etc.) is reviewed
- Monitoring the spending thresholds throughout the grant period to ensure that the grant expenditures are necessary and allowable
- Providing information to the Human Resources department regarding the number and type of grant-funded positions approved in the grant application by the granting authority
- Verifying with the Human Resources department that all grant-funded staff have a job description with the grant-related duties and funding
- Working with the Grant Development Team to determine the position title, working days, and salary information for use in completing the grant application

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

Part I – State Grants

State Programs – Allotments

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

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

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

▪ Special Education	55%	PIC 23
▪ Career & Technical Education	55%	PIC 22
▪ State Compensatory Education (SCE)	55%	PIC 24-30 (except 25& 27)
▪ Bilingual/ESL Education	55%	PIC 25
▪ Dyslexia	100%	PIC 37
▪ Early Education Allotment	100%	PIC 36
▪ CCMR Outcome Bonus	55%	PIC 38

Note. The district shall not use PIC 30 – neither of the campuses operate a Title I School wide Program.

Budgeting Special Program Allotments

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

During the budget process, the estimated state allotment shall be calculated by Director of Budget based on prior year special program enrollment and average daily attendance (ADA), and projected revenue based on the most current Summary of Finance template. The estimated state allotment by special program shall be provided to the Special Program Administrator(s) as noted below. These special program administrators shall be responsible for the programmatic compliance in their respective program(s). Programmatic compliance shall include, but not limited to: program eligibility, program design, instructional delivery, entry/exit procedures, professional development and certification.

▪ Special Education	Executive Director of Special Education
▪ Career & Technical Education	Executive Director of Career and Technical Education
▪ Gifted & Talented Education	Director of Guidance, AAA

- **State Compensatory Education (SCE)** **Deputy Superintendent for Academic Achievements**
- **Bilingual/ESL Education** **Deputy Superintendent for Academic Achievements**
- **Dyslexia**
- **Early Education**
- **CCMR Outcomes Bonus**
- **High School Allotment**

*PIC 21 is not a direct 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 aggregate High School Allotment since its inception has been expensed.

The finance department, specifically the, Chief Financial Officer, shall be responsible for the financial compliance in each of these special programs. Financial compliance shall include, but not limited to: budgeting development & monitoring, approval of expenditures, financial reporting to TEA, financial audit, calculating per-pupil expenditures by program, and purchasing with state allotment funds.

As part of the budget adoption process, the Director of Budget shall verify that the proposed budget includes appropriations in each of the special programs of no less than the percentages stated above as required direct expenditures for each special program. [Note. If the District does not budget to compliance, it may not spend to compliance.]

Program Intent Codes (PICs) - FASRG

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

Basic Services – PIC 1X

- PIC 11 Basic Educational Services

Enhanced Services – PIC 2X – 3X

- PIC 21 Gifted & Talented
- PIC 22 Career & Technical Education
- PIC 23 Special Education
- PIC 24 Accelerated Education (State Compensatory Education)
- PIC 25 Bilingual and ESL Education
- PIC 26 Non-Disciplinary Alternative Education Program
- PIC 28 Disciplinary Alternative Education Program – Basic
- PIC 29 Disciplinary Alternative Education Program – SCE Supplemental
- PIC 30 Title I, Part A Schoolwide Activities related to SCE (Campuses with 40% or more educationally disadvantaged students)

- PIC 31 High School Allotment
- PIC 32 Prekindergarten
- PIC 33 Prekindergarten – Special Education
- PIC 34 Prekindergarten – Compensatory Education
- PIC 35 Prekindergarten – Bilingual Education
- PIC 36 Early Education Allotment
- PIC 37 Dyslexia
- PIC 38 College, Career and Military Readiness
- PIC 43 Dyslexia, Special Education

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

Student Special Program Enrollment Reporting (PEIMS)

The special program enrollment shall be reported to TEA through the PEIMS data submissions. Campus principals shall be responsible for developing procedures to identify the entry and exit of students into the state mandated special programs. The procedures shall comply with the Texas Education Code, Chapter 29 for each respective special program. The entry and withdrawal of students in special programs shall be in accordance with the district’s Attendance Accounting Procedures Handbook, TEA’s *Student Attendance Accounting Handbook (SAAH)* and the *Texas Student Data Standards (TSDS)*.

Upon enrollment and throughout the school year, the Student Information System (TxEIS) shall be used to record student enrollment in each special program. The student enrollment record shall include the entry and exit date(s) for all special programs that generate state funding.

The PEIMS Annual Timelines shall be used to ensure that prior to the submission of the Fall, Summer and Extended Year PEIMS Student Data that all students are properly coded in their respective special programs. The campus principals shall review the appropriate TSDS reports prior to all PEIMS Submissions to ensure that the student special program enrollment is accurate and reasonable compared to the historical data. The reports listed on the table below include some, but not all, of the reports that each principal shall review and sign-off on before the submission of PEIMS data to TEA.

Submission	Report #	Report Name
Fall	PDM1-120-002	LEP/BL/ESL and Parental Denial Students
	PDM1-120-003	Student Program Roster
	PDM1-120-005	Student Data Review
	PDM1-120-009	Disaggregation of PEIMS Student Data
Summer	PDM3-120-004	Disaggregation of PEIMS Summer Attendance Data

	PDM3-120-013	Special Programs Attendance Data
	PDM3-120-015	Previous Year Average Daily Attendance Data
Extended Yr.	PDM4-120-001	Extended School Year (ESY) Services Roster
	PDM4-120-004	Bilingual/ESL Summer School Roster

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

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

- What the employee will do? Determines the function code
- Where the employee will work? Determines the organization code (may be split)
- Who will benefit? Determines the population served or PIC (may be split)

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

In the Fall and Spring of each school year, the Campus Principals will prepare a Staff projection report that is based on the campus Master Schedule. The Staff projection report will reflect the names of all staff, the position, and the assignment(s) by Population Served. The master schedule will reflect the teaching assignment for all teachers and every course section will reflect the “intent”, or population served code. The population served codes and program intent codes are correlated below:

- Population Served Code 04 PIC 21 Gifted & Talented
- Population Served Code 05 PIC 22 Career & Technical Education
- Population Served Code 06 PIC 23 Special Education
- Population Served Code 03 PIC 24 Accelerated Education (State Compensatory Education)
- Population Served Code 02 PIC 25 Bilingual Education
- Population Served Code 07 PIC 25 ESL Education
- Population Served Code 03 PIC 26 Non-Disciplinary Alternative Education Program
- Population Served Code 03 PIC 28 Disciplinary Alternative Education Program – Basic
- Population Served Code 03 PIC 29 Disciplinary Alternative Education Program – SCE Supplemental
- Population Served Code 03 PIC 30 Title I, Part A Schoolwide Activities related to SCE (Campuses with 40% or more educationally disadvantaged students)

▪ Population Served Code 01	PIC 32	Prekindergarten
▪ Population Served Code 06	PIC 33	Prekindergarten – Special Education
▪ Population Served Code 03	PIC 34	Prekindergarten – Compensatory Education
▪ Population Served Code 02	PIC 35	Prekindergarten – Bilingual Education

All staff assigned to support all students, not specifically served in a special program, shall be coded to basic program intent code (011).

Each Associate Superintendent shall prepare a Staff projection report for non-campus administrative staff in the Spring for the next fiscal year. The PIC codes for the non-campus staff shall reflect what they do, where they are assigned to work, and the special program(s) that they support.

The Campus Staff projection reports shall be submitted to the appropriate Associate Superintendent no later than the deadline set in the Fall and Spring. The Associate Superintendent shall verify the Staff projections and ensure that funds are budgeted in the appropriate payroll account codes. Budget changes and/or amendments, if any, shall be received by the Executive Director of Business Services. [Note. The minimum spend percentages shall be verified again to ensure that the budgeted amount by PIC still meets or exceeds the minimum spend percentage by special program.]

After approval of the Staff projection reports, the Associate Superintendent shall submit the Staff projection to the Associate Superintendent of Human Resources for the purpose of updating the payroll distribution record(s) of each district employee.

Campus Principals and Associate Superintendents shall be responsible to ensure that any changes to staff assignments are submitted to the Associate Superintendent of Human Resources as soon as reasonably possible after the assignment change. The prior process of verifying the FTEs/account codes, approval of the FTE report, and submission of the reports to the payroll department shall occur upon the receipt of assignment changes.

State Allotment Program Legal Requirements (TEC excerpts)

State laws, specifically Chapter 29 and Chapter 48 include requirements related to program eligibility and allowable funds. Excerpts from each state allotment program fund requirements are noted in the following sections.

Gifted and Talented

The Gifted and Talented program must adhere to state law, Texas Education Code (TEC) 29.121 Chapter 29 addresses the programmatic guidelines related to eligibility, identification, and program services and use of funds.

Specifically, each school district shall identify students eligible for the GT program and serve the students in an appropriate manner. All student identification and enrollment shall meet the special program guidelines in the Student Attendance Accounting Handbook (SAAH). Student enrollment data

shall be submitted to TEA through the PEIMS Fall Submission as of the snapshot date. The attendance and/or contact hour data for funding purposes shall be submitted to TEA through the PEIMS Summer Submission.

While there is no direct GT allotment on the Summary of Finances, there still exists the statutory requirement to offer a GT program. Districts should continue to report expenditures to the GT PIC code (21) through PEIMS reporting.

Each school district must annually certify to the commissioner that the district has established a program for gifted and talented students as required by Chapter 29 and that the program is consistent with the state plan developed under Section 29.123

The Special Program Administrator with oversight responsibility to certify the Gifted & Talented special program data prior to submission to TEA shall be the Director of GAAA.

Career and Technical Education (CTE)

The Career and Technical Education program must adhere to state law, Texas Education Code (TEC) 29.181 and TEC 48.106. Chapter 29 addresses the programmatic guidelines related to eligibility, identification, and program services. Chapter 48 addresses the funding weight(s) and allowable costs.

Specifically, each school district shall identify students eligible for the CTE program and serve the students in an appropriate manner to obtain state funds. The Master Schedule shall serve as the official document to support that each student was enrolled in a CTE course. All student identification and enrollment shall meet the special program guidelines in the Student Attendance Accounting Handbook (SAAH). Student enrollment data shall be submitted to TEA through the PEIMS Fall Submission as of the snapshot date. The attendance and/or contact hour data for funding purposes shall be submitted to TEA through the PEIMS Summer Submission.

The Special Program Administrator with oversight responsibility to certify the CTE special program data prior to submission to TEA shall be the Executive Director of Career and Technical Education.

Special Education

The Special Education program must adhere to state law, Texas Education Code (TEC) 29.003 and TEC 48.102. Chapter 29 addresses the programmatic guidelines related to eligibility, identification, and program services. Chapter 48 addresses the funding weight(s) and allowable costs.

Specifically, each school district shall identify students eligible for the Special Education program and serve the students in an appropriate manner to obtain state funds. The student's Individualized Education Plan (IEP) shall serve as the official document to support that each student is eligible for special education, the type of instructional arrangement, and the number of contact hours to be served in a special education setting. All student identification and enrollment shall meet the special program

guidelines in the Student Attendance Accounting Handbook (SAAH). Student enrollment data shall be submitted to TEA through the PEIMS Fall Submission as of the snapshot date. The attendance and/or contact hour data for funding purposes shall be submitted to TEA through the PEIMS Summer Submission.

The Special Program Administrator with oversight responsibility to certify the Special Education program data prior to submission to TEA shall be the Executive Director of Special Education.

Compensatory Education (SCE)

The Compensatory Education program must adhere to state law, Texas Education Code (TEC) 29.081 and TEC 48.104. Chapter 29 addresses the programmatic guidelines related to eligibility, “at risk” identification, and program services. Chapter 48 addresses the funding formula and allowable costs. The SCE program is funded based on fall PEIMS snapshot count of enrolled students who are reported as economically disadvantaged and the census-based weight associated each identified student’s home address. All student identification and enrollment shall meet the special program guidelines in the Student Attendance Accounting Handbook (SAAH). Student enrollment data shall be submitted to TEA through the PEIMS Fall Submission as of the snapshot date. The campus administrator (Principal) and the Child Nutrition Administrator shall be responsible for the collection, maintenance and verification of student home address and free/reduced lunch eligibility respectively.

Specifically, each school district shall identify students eligible for the Compensatory Education program and serve the students in an appropriate manner to obtain state funds. There are thirteen (13) at risk indicators in state law. The campus administrator at each campus shall be responsible for identification of all at risk students. The at-risk student enrollment shall be reported to TEA through the PEIMS Fall Submission.

The SCE program compliance is unlike the other special programs in that it requires specific documentation as outlined in the Financial Accounting System Resource Guide (FASRG) Module 9. **The District Improvement Plan (DIP) and Campus Improvement Plans (CIP) are the primary source of documentation for the expenditure of SCE funds.** The DIP and CIPs shall include the SCE goals, strategies, activities and resources (Staff FTEs and budgeted funds).

According to TEA, annually within 150 days after the last day permissible to send data for the PEIMS data FINAL Midyear resubmission 2 (typically late July), the District shall electronically submit a PDF version of the DIP and at least two (2) CIPs through the TEASE system. The determination regarding which CIPs to submit to TEA shall be based on the TEA guidelines in the FASRG, Module 9.1.2 Summary of Filing Requirements. The District’s submission dates shall be as noted below to ensure compliance with this critical requirement.

- **Campus Principals shall submit their CIPs to Executive Director of Administrative Services by the first Monday of November.**
- **Superintendent or designee shall submit the DIP to Texas Education Agency.**
- **The Superintendent or designee shall submit the DIP and CIPs through TEASE by the deadline set by TEA.**

Financial guidelines related to supplement not supplant, targeted-assistance versus school-wide campus expenditures, staffing formulas, job descriptions, time and effort, student case counts, local identification criteria and allowable costs are described in Module 6 State Compensatory Education.

Bilingual and ESL

The Bilingual and ESL program must adhere to state law, Texas Education Code (TEC) 29.053 and TEC 48.105. Chapter 29 addresses the programmatic guidelines related to eligibility, identification, and program services. Chapter 48 addresses the funding weight(s) and allowable costs.

Specifically, each school district shall identify students eligible for the Bilingual or ESL program and serve the students in an appropriate manner to obtain state funds. All student identification and enrollment shall meet the special program guidelines in the Student Attendance Accounting Handbook (SAAH). Student enrollment data shall be submitted to TEA through the PEIMS Fall Submission as of the snapshot date. The attendance and/or contact hour data for funding purposes shall be submitted to TEA through the PEIMS Summer Submission.

The Special Program Administrator with oversight responsibility to certify the Bilingual and ESL special program data prior to submission to TEA shall be the Deputy Superintendent of Academic Achievements.

(Applicable only if the District has not spent 100% of the prior year(s) allotment.)

New Allotments created by HB 3, 86th Legislative Session

House Bill 3 created three new allotments that will require financial reporting: the dyslexia allotment, the college, career and military readiness (CCMR) outcomes bonus, and the early education allotment. The FASRG has been updated in April 2021 with final rules related to the use of these allotments, but the allotments and statutory language around their use are described below.

The use of the dyslexia allotment must be in accordance with TEC 48.103 and can be used only for a student who is receiving services in accordance with an IEP under Section 29.005 or a plan developed under Section 504, is receiving instruction that meets dyslexia criteria established by the State Board of Education and is provided by a person with specific training in providing that instruction, or that is permitted to use modifications in the classroom or accommodations in the administration of assessment instruments on the basis of having dyslexia or a related disorder. School districts are prohibited from

using more than 20 percent of the dyslexia allotment to contract with a private provider to provide supplemental academic services recommended in the student's IEP or 504 plan. Students may not be excused from school to receive these supplemental services. At least 100 percent of the dyslexia allotment must be used in accordance with TEC 48.103.

The use of the early education allotment must be in accordance with TEC 48.108 and can only to fund programs and services designed to improve student performance in reading and math in grades prekindergarten through three, including programs and services designed to assist the district in achieving the goals from the district's early childhood literacy and mathematics proficiency plans adopted under TEC 11.185. At least 100 percent of the early education allotment must be used in accordance with TEC 48.108.

At least 55 percent of the college, career and military readiness outcomes bonus must be used in accordance with TEC 48.110 in grades 8 through 12 to improve college, career and military readiness outcomes.

Part II-Federal Grants

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

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

General Provisions (Conflict of Interest & Disclosure):

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

Federal Regulations (EDGAR)

1. The district shall execute an organizational conflict of interest disclosure (signed by the Superintendent) only if the district enters into a relationship with an outside entity as described in the EDGAR organizational conflict regulations. **[2 CFR 200.318(c)(2)] At this time, the district has no such relationships.** [Note. EDGAR requires that if a 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.]

2. The district has developed a **Purchasing Conflict of Interest Form** to be used to disclose employee conflicts related to purchasing, contract management or other expenditure of federal grant funds. [EDGAR requires that employees engaged in the selection, award and administration of contracts disclose conflicts to the district.] **2 CFR 200.318(c)(1)]**

State Regulations (State Law)

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

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

Local Regulations (Local Board Policy and/or Procedures)

1. School Board Policy CB Local states: Each employee, board member or agent of the district who is engaged in the selection, award or administration of a contract supported by a federal grant or award and who has a potential conflict of interest as defined at Code of Federal Regulations, Title 2, section 200.318, shall disclose to the district, in writing, any conflict that meets the disclosure threshold in Chapter 176 of the Local Government Code. In addition, each employee, board member or agent of the district shall comply with any other conflict of interest requirements imposed by the granting agency or a pass-through entity.
2. School Board Policy DBD Local states: Any other employee who is in a position to affect a financial decision involving any business entity or real property in which the employee has a substantial interest, as defined by Local Government Code 171.002, shall file an affidavit with the Superintendent; however, the employee shall not be required to file an affidavit for the substantial interest of a relative.

Other Conflict of Interest Requirements

1. The district shall comply with all additional conflict of interest requirements required by the federal granting agency and/or the pass-through entity (TEA).
 - a. The District shall disclose in writing to the granting agency and/or pass-through entities any potential conflict of interest concerning the expenditure of federal or state grant funds. The TEA Division of Grants Administration Conflict of Interest Disclosure Form shall be used to disclose the potential conflict.
 - b. The District shall disclose in writing to the granting agency and/or pass-through entities any violations of federal criminal law including fraud, bribery, or gratuity violations

affecting a federal grant award. Upon detection of any fraud, abuse or waste with federal grant funds, the District shall promptly notify the proper legal authorities and pursue appropriate criminal and/or civil actions. The TEA Division of Grants Administration Conflict of Interest Disclosure Form shall be used to disclose the violation(s).

- c. The Chief Financial Officer shall be responsible for overseeing, reporting, and documenting any fraud, abuse, or waste of federal grant funds.
- d. The Superintendent shall be responsible for completing the Certification Statement on the TEA Division of Grants Administration Conflict of Interest Forms.
- e. The District shall reclassify fraudulent expenditures made with federal grant awards to local district funds, i.e., the General Fund on a temporary basis and shall seek to recover the funds for fraudulent expenditures from the individual(s) perpetrating the fraud.

Conflict of Interest Forms:

- Sample ISD Purchasing Conflict of Interest Form
- [Conflict of Interest Disclosure \(CIS\)](#) – Texas Ethics Commission
- [Conflict of Interest Disclosure Form](#) - TEA Division of Grants Administration
- [Mandatory Disclosure Form](#) - TEA Division of Grants Administration

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

In addition, all district employees are prohibited from accepting *unsolicited* gifts or tokens from vendors or other parties who are affected by (or have an interest in) a federal grant award that exceed an nominal (individual) value of \$25 [IRS business gift limit] and an aggregate value of \$100 [or current Conflict of Interest limit, whichever is less] in a fiscal year. The unsolicited gifts or tokens may be a nominal meal, vendor exhibit promotional items, calendars, or other nominal value items not specifically excluded below:

- Items prohibited at a public elementary and secondary schools such as drugs, tobacco or alcohol products

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

Pre-Federal Award Requirements:

The federal awarding agency and pass-through entities, in accordance with 2 CFR 200.322, are required to evaluate the risk of the District in respect to financial stability, quality of management system, history of performance (grants), audit reports and ability to effectively implement the grant program.

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

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

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

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

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

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

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

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

1. Timely submission of all required programmatic and financial reports.
2. Timely and consistent submission of reimbursement requests as an indication that the district is regularly spending the federal grant funds to conduct approved grant activities.

3. Ensuring that all grant-related staff are properly trained in their respective grants management role on at least an annual basis.
4. Implementing grant management procedures and internal controls, such as quarterly budget and program monitoring from the district's grant compliance coordinator for discretionary federal awards, and frequent budget monitoring from the district's Staff Accountants for all federal awards.

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

No pre-award expenses or obligations shall be made by the District prior to the approval of the federal granting agency or pass-through entity. **[2 CFR 200.458]** Non-authorized pre-award expenses, if any, shall be paid from local District funds, i.e., the General Fund.

Grant Application Process

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

Federal entitlement grant funds include, but are not limited to, Every Student Succeeds Act (ESSA), Individuals with Disabilities Education Act (IDEA), and Carl D. Perkins. The "maximum" and/or "final" entitlement awards for the district are posted on the TEA Grants Management webpage at:

[Administering a Grant | Texas Education Agency](#). The 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: [ProgramSearch \(state.tx.us\)](#). 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 webpage provides a wealth of information related to available grants such as: [\[http://burleson.tea.state.tx.us/grantopportunities/forms/grantprogramsearch.aspx\]](http://burleson.tea.state.tx.us/grantopportunities/forms/grantprogramsearch.aspx)

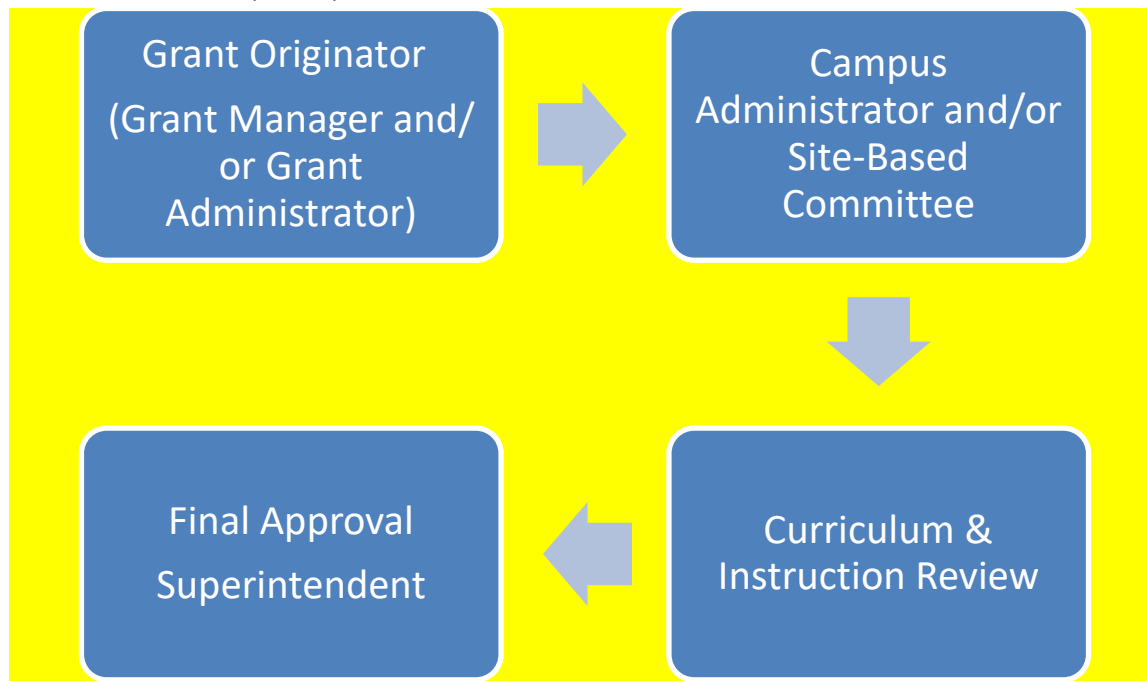
- **General and Fiscal Guidelines**
- **Program Guidelines**
- **Program-Specific Provisions and Assurances**
- **General Provisions and Assurances**
- **Debarment and Suspension Certification**
- **Lobbying Certification**
- **Sample Application**

- **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's grant application process for federal grants is illustrated below on a flowchart (Illustration 1). As noted on the flowchart, all grant applications must be reviewed by the Finance, Curriculum & Instruction, and Grants Departments. In addition, all grant applications that will support student instruction at one or more campuses, must be developed in collaboration with the respective campus principal(s). Specific grant activities to support the academic program at a campus should be

reflected in the Campus Improvement Plan.



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

The Grants Department shall work collaboratively with the finance department 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 Grants Department shall obtain pre-approval for the following activities which have been identified by the granting agency or pass-through entity (TEA);

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

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

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

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

[Local decision – after assessing risk of budgeting funds without a NOGA]

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

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

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

The Grant Department shall notify the Grants Manager when the funds have been budgeted and are ready for expenditure by the appropriate campus or department.

General Provisions and Assurances

General Provisions and Assurances apply to all grants administered by TEA. Additional provisions and assurances may apply to specific grants. The Grant Manager, Grant Administrator and/or Grant Department shall inform all staff involved in the expenditure of grant funds of the provisions and assurances for each grant program, as appropriate.

Numerous resources are available on TEA's Provisions and Assurances webpage at:

http://tea.texas.gov/Finance_and_Grants/Grants/Administering_a_Grant/Provisions_and_Assurances/

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

Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion

The district must not award a contract [required for all federal grants, regardless of dollar amount] to a vendor which is debarred or suspended or is otherwise excluded from or ineligible for participation in federal grant award programs. **[2 CFR 200.213]**

The Purchasing department shall verify the eligibility of each vendor with this certification requirement by requesting that the vendor execute a Certification Form before awarding a contract and/or issuing a purchase order. A copy of the Certification Form shall be maintained with the contract and/or purchase order for audit purposes.

The Purchasing department shall monitor ongoing contracts to verify the contractor's compliance with the debarment, suspension, ineligibility and voluntary exclusion provisions. In the event that a vendor is suspended or debarred during a contract, the district shall continue the contract in force until the contract lapses. The contract term shall not include any extensions to the original term of the contract.

Lobbying Certification

For all federal grants in excess of \$100,000, the district shall certify on the grant application that no federal grant funds are expended for the purpose of lobbying. The Grants department shall execute a Lobbying Certification Form, as applicable, if the district used funds other than federal grant funds for lobbying activities.

The Grants department and Grant Manager, Grant Administrator and/or Grant Department shall ensure that all contract award documents with federal grant funds contain the appropriate lobbying certification language.

Budgeting Grant Funds

The Business department shall work with the Grant Manager, Grant Administrator and/or Grant Departments to budget grant funds in the appropriate fund code as authorized by [Financial Accountability System Resource Guide](#), or the granting agency, as appropriate.

For example, if the grant application included \$2,000 for “6219 Professional Services”, the budget shall include an appropriation for Professional Services in object code 6219. However, if the intent was to expend funds to pay a Math Consultant, the grant application may need to be amended to move the “6219 Professional Services” funds to the correct object code “6299 Other Professional Services”. **All expenditures shall be made from the correct FASRG object code.**

Federal grant funds shall be budgeted and available as soon as possible after receipt of the NOGA from the Grants department or Grant Administrator.

Budget Amendments for Formula Funds

Budget amendments, if any, shall be approved by the Grant Administrator if the reclassification of funds is allowable under the grant guidelines, then submitted to the Business department. The budget amendment forms and instructions can be found on the districts website. Some grants allow a transfer of funds, up to 25% of the grant award, but only within the object classes that are allowed in the application and if the new object code does not require specific approval from the granting agency. The Grant Manager, Grant Administrator and/or Grant Department will track all changes made to the original grant award. All district budget amendment forms will be kept for grant documentation purposes by the accounting staff responsible.

Budget Amendments for Discretionary Funds

Budget amendments, if any, shall be submitted to the Grants department for approval to ensure that the reclassification of funds is allowable under the grant guidelines related to budget amendments. The budget amendment form will be distributed to the Grant Manager, Grant Administrator and/or Grant Department during the grant orientation meeting administered by the Grants department. Some grants allow a transfer of funds, up to 25% of the grant award, but only within the object classes that are allowed in the application and if the new object code does not require specific approval from the granting agency. The Grants department will track all changes made to the original grant award. Grant Manager, Grant Administrator and/or Grant Department overseeing “discretionary” grants will submit a budget amendment to the Grants department before any changes are made to the budget. If the grants departments determines that the budget amendment should be posted in the financial software a copy of the budget amendment will be submitted to the accounting staff responsible. All district budget amendment forms will be kept on file for grant documentation purposes by the accounting staff responsible and/or the Grants department.

The TEA Grants Division has developed guidance related to [“When to Amend”](#) grants administered by the TEA. The guidance document is posted on the TEA website at:
http://tea.texas.gov/Finance_and_Grants/Administering_a_Grant.aspx.

The guidance document contains the following guidance:

1. Use Table 1 for federally funded grants and for grants funded from both federal and state sources.
2. Use Table 2 for state-funded grants. Refer to the “Select Grantees” column if the NOGA is for over \$1 million.

In addition to TEA’s guidelines, federal regulations require that the district amend the grant application when the district deviates from the original scope or grant objectives. Amendments to the application may be necessary when the district changes the designated Grant Manager, Grant Administrator and/or Grant Department, disengages from grant activities for more than three (3) months, or a 25% reduction in the time devoted by a Grant Manager, Grant Administrator and/or Grant Department.

The Grant Manager, Grant Administrator and/or Grant Department shall monitor the need for amendments at least quarterly throughout the grant period and at least one (1) month prior to the grant amendment deadline, if applicable. If an amendment is necessary for any of the reasons specified by the pass-through entity (TEA) or in federal regulations, the Grant Manager, Grant Administrator and/or Grant Department shall initiate the amendment process and collaborate with the Business department prior to submission of the grant amendment. The approval process of a grant amendment shall be the same as the grant application process, the Superintendent or designee shall approve all federal grant amendments.

The Business department and the Grant Manager, Grant Administrator and/or Grant Department shall be responsible for ensuring that the finance system total budget corresponds to the most recent grant NOGA total budget.

Financial and Program Management

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

FFATA Reporting

The district reports the following for all federal grant awards, as appropriate.

1. The following data about sub-awards greater than \$25,000
 - a. Name of entity receiving award [entity = district]
 - b. Amount of award
 - c. Funding agency

- d. NAICS code for contracts / CFDA program number for grants
- e. Program source
- f. Award title descriptive of the purpose of the funding action
- g. Location of the entity (including congressional district)
- h. Place of performance (including congressional district)
- i. Unique identifier of the entity and its parent; and
- j. Total compensation and names of top five executives (same thresholds as for primes)

2. The Total Compensation and Names of the top five executives if:
 - a. More than 80% of annual gross revenues from the federal government, and those revenues are greater than \$25M annually and
 - b. Compensation information is not already available through reporting to the SEC.

Financial Management

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

Records Retention

The financial management system shall be utilized to store, maintain, and report all required federal grant information. Consequently, the district shall ensure that access to the data is restricted to authorized individuals in accordance with the district's Data Security and Access policies. In addition, the district shall retain all federal grant records for a period of five (5) years in accordance with the district's Local Records Retention Plan. [Note: The district's retention period exceeds the three (3) year retention period required in the EDGAR.] The district shall also retain MAC and SHARS records for 7 years and E-Rate records for 10 years.

The Campus or Department's Record Management Officer and Associate Superintendent for Accountability and Compliance, shall be responsible to ensure that all records are retained, stored and accessible, as appropriate.

List of Federal Grant Awards

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

- The CFDA title and number*,
- Federal award identification number and year*,
- Name of the Federal agency*, and
- Name of the pass-through entity*, if any.
- Site Manager, Grant Manager and Grant Administrator for each grant
- Begin date and End date
- Budget Amount
- Date Final Financial Report is due
- TEA – assigned risk level for each grant, as appropriate
- Applicable federal regulations (OMB A-87 or EDGAR, based on the date of grant award)

On at least a monthly basis for Formula grants, the Grant Administrator and accounting staff responsible, shall review the status of each federal grant fund. The review will include a comparison of budget to expenditures.

On at least a monthly basis for Discretionary grants, the Grant Manager, Grant Administrator and/or Grant Department, Grants Compliance Coordinator and Accounting staff responsible, shall review the status of each federal grant fund. The review will include a comparison of budget to expenditures.

Internal Controls

The district's internal control procedures over financial management, developed in accordance with the Internal Control Integrated Framework (COSO), and TEA's Internal Controls Guidance Handbook, shall be made available to all staff involved in the management of federal grant funds. The internal control procedures shall be reviewed on at least an annual basis and updated as appropriate. If any weakness in an internal control is detected, the internal control procedures shall be revised to incorporate the weakness (es) at either the annual review or as the need arises dependent upon the severity (materiality) of the weakness.

The district's Business Office Procedure Manual is where the Internal Control Procedures can be found. The Business department shall be responsible for the annual review and update of the Business Office Procedure Manual.

Bonds

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

Payment from the Granting Agency and to Vendors

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

In the event that the district receives an advance payment from a federal granting agency, the district shall ensure that it expends the advanced funds in a timely manner. Excess funds may earn interest, which may require return to the federal granting agency if the interest meets the federal threshold.

The district has determined that it will not accept advanced payments for federal grant funds.

The district shall seek reimbursement for federal grant expenditures, rather than using an advanced payment method. Consequently, the district shall prepare and submit a “draw-down” of federal grant funds only after the payments have been made and distributed to the vendor via mail, e-payables or other delivery method. The draw-down of expended funds shall be net of all rebates, refunds, contract settlements, audit recoveries and interest earned, as appropriate. The Accounting staff responsible shall prepare the draw-down of federal grant funds and securing approval from the Grant Manager, Grant Administrator and/or Grant Department. All drawdowns shall be recorded on the general ledger in the appropriate revenue code when the cash is posted to the cash account upon receipt.

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

Cost sharing or matching funds

The Grant Manager, Grant Administrator and/or Grant Department over each federal grant award shall ensure that requirements for cost sharing and/or matching funds are approved through the grant approval process prior to the submission of the grant. At a minimum, the Grant Manager, Grant Administrator and/or Grant Department and the campus/department must approve the commitment of all cost sharing and matching grant funds.

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

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

Cost sharing and matching funds that are as a result of donated services or supplies, shall be recorded and tracked in accordance with the federal regulations (CFR 200.306).

Program Income

The district will not generate any program income as part of a federal grant award, unless it is a requirement of the grant, to reinvest the income in the federal grant award to accomplish the grant activities. All recommendations for program income activities, shall be reviewed and approved by the Grant Manager, Grant Administrator and/or Grant Department and Grants Compliance Coordinator.

If program income activities are approved, the Grant Manager, Grant Administrator and/or Grant Department over the activities shall ensure that the costs of generating the program income are not federal grant funds, are nominal in cost, are offset from the program income and meet all of the federal requirements.

Period of performance (Obligations)

All allowable grant expenditures shall be incurred during the grant period, i.e., begin date and end date of the federal grant award as designated on the Notice of Grant Award (NOGA). For Formula Grants the Grant Administrator, for Discretionary Grants the Grants department shall notify the appropriate departments of the grant periods for each federal grant award to ensure compliance as noted below:

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

All obligations with federal grant funds must occur during the grant period. Obligations that occur before or after the grant period are not allowable costs. The obligations must be liquidated in accordance with the grant deadlines, especially as they relate to the final draw-down of federal grant funds. Guidance regarding the obligation of federal grants funds can be found in [TEA's General and Fiscal Guidelines](#).

The Grant Manager, Grant Administrator and/or Grant Department shall monitor the expenditures during the grant period to ensure that the funds are spent in a systematic and timely manner to accomplish the grant purpose and activities. The following timeline shall be used as a general guide for spending thresholds for a grant period of 15 months. The optimal spending thresholds noted below may be adjusted based on programmatic needs. For example, if the federal grant will be used for summer activities such as summer school, a larger percentage of the grant may need to be withheld for those specific activities.

- | | |
|--|------|
| ▪ Within 3 months of the grant start date | 25% |
| ▪ Within 6 months of the grant start date | 50% |
| ▪ Within 9 months of the grant start date | 75% |
| ▪ Within 12 months of the grant start date | 100% |

Guidance regarding the obligation of federal grants funds [Title 34 76.707] can be found in [TEA's General and Fiscal Guidelines. Excerpt from the guidelines is noted below:](#)

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

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

902.5 Procurement Standards/Expenditure of Grant Funds

Expenditures of grant funds shall be through the purchasing, business or payroll department processes in place for non-grant funds but shall have additional requirements as noted below to ensure full compliance with federal cost principles.

902.51 General Procurement Standards

Module 5 of TEA's [FASRG](#) outlines requirements and best practices related to the purchasing function. Reflecting state (and some federal) requirements for purchasing, *Module 5* is based on statutes containing requirements for districts for competitive *purchasing/contracting processes* found in the *Texas Education Code*, *Local Government Code*, *Texas Government Code*, *Texas Revised Civil Statutes*, Texas Attorney General Opinions, federal regulations and other sources. The *Handbook on Purchasing for Texas Public Schools, Junior Colleges and Community Colleges (Appendix 1 of Module 5)* 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 5* and in state law.

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

Also, in accordance with *Module 5*, the District's administrative *procedures* pertaining to purchasing goods and services 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 5*. It should be noted that some state requirements for purchasing are more restrictive than the federal requirements. Key state requirements that are more restrictive are noted in this section.

[Purchasing Procedure Manual](#)

A. Conflict of Interest Requirements

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

Standards of Conduct

State Requirements

According to *The Handbook on Purchasing for Texas Public Schools, Junior Colleges and Community Colleges* (Module 5 of [FASRG](#), Appendix 1), it is a serious breach of the public trust to subvert the public purchasing process by directing purchases to certain favored vendors, or to tamper with the purchasing process, whether it is done for kickbacks, friendship or any other reason. State law relating to violation of purchasing requirements imposes upon violators certain criminal penalties, which are found in *Section 44.032, Texas Education Code*, and *Chapter 271.029, Local Government Code*.

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

1. It is a breach of ethics to attempt to realize personal gain through public employment with a school district by any conduct inconsistent with the proper discharge of the employee's duties.
2. It is a breach of ethics to attempt to influence any public employee of a school district to breach the standards of ethical conduct set forth in this code.
3. It is a breach of ethics for any employee of a school district to participate directly or indirectly in a procurement when the employee knows that:
 - The employee or any member of the employee's immediate family has a financial interest pertaining to the procurement;
 - A business or organization in which the employee, or any member of the employee's immediate family, has a financial interest pertaining to the procurement; or
 - Any other person, business or organization with whom the employee or any member of the employee's immediate family is negotiating or has an arrangement concerning prospective employment is involved in the procurement.
4. Gratuities: It is a breach of ethics to offer, give or agree to give any employee or former employee of a school district, or for any employee or former employee of a school district to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation of any part of a program requirement or purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy, or other particular matter pertaining to any program requirement or a contract or subcontract, or to any solicitation or proposal therefore pending before this government. Acceptance of gratuities may be construed as a criminal offense.

In addition, Texas law makes a gift (an item valued at \$50 or more, cash of any amount, or a negotiable instrument of any value) to a public employee a Class A misdemeanor if the employee is someone who exercises some influence in the purchasing process of the governmental body. (*Texas Penal Code*, 36.09[d] and [h]). Promotional items with vendor's logo that are of nominal value including but not limited to a t-shirt, cup, glasses, etc.

5. Kickbacks: It is a breach of ethics for any payment, gratuity or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher

tier subcontractor for any contract of a school district, or any person associated therewith, as an inducement for the award of a subcontract or order.

6. Contract Clause: The prohibition against gratuities and kickbacks prescribed above should be conspicuously set forth in every contract and solicitation therefore.
7. 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.

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 website](#) for additional information and sample forms.

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.")

Follow link to [Conflict of Interest](#) presentation

Director of Purchasing will send out a [survey](#) to each budget manager annually. The answers to these questions will trigger a Conflict of Interest Statement to be completed and posted to the District [website](#).

Organizational Conflicts

The district is a local government, this does not apply.

Disciplinary Actions

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

[Board Policy](#)

Mandatory Disclosure

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

In addition, the District will disclose, in a timely manner, in writing to TEA or other federal awarding agency, all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the federal award. 2 CFR § 200.113. Failure to make required disclosures can result in any of the remedies described in 2 CFR § 200.338, Remedies for Noncompliance, including Debarment and Suspension.

[Board Policy](#)

B. Full and Open Competition

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

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

- placing unreasonable requirements on firms in order for them to qualify to do business;
- requiring unnecessary experience and excessive bonding;
- noncompetitive pricing practices between firms or between affiliated companies;
- noncompetitive contracts to consultants that are on retainer contracts;

- organizational conflicts of interest;
- specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and
- Any arbitrary action in the procurement process. 2 CFR § 200.319(a)

The Director of Purchasing reviews all procurement transactions to ensure they are in compliance with applicable local, state, and federal laws. The District PISD may use consultants to develop specifications included within RFPs.

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

Geographical Preferences Prohibited

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

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

Zero points are given in a Competitive Sealed Proposal for geographical location of the vendor. The Director of Purchasing reviews all proposal documents before they are issued.

Contracting with Small and Minority Businesses

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

- placing qualified small and minority businesses and women’s business enterprises on solicitation lists
- assuring that small and minority business, and women’s business enterprises are solicited whenever they are potential sources
- dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women’s business enterprises

- establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises
- using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce, and
- Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed above.

The Director of Purchasing ensures all procurement documents are reviewed. The Purchasing department posts all solicitation opportunities in the Texas ESBD (Electronic State Business Daily) to ensure the maximum number of vendors are reached. In addition, the purchasing department posts solicitations in the county newspaper on successive Wednesdays for two weeks and also makes the documents available on the District website during the entire open response period.

Prequalified Lists

The District ensures that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. 2 CFR § 200.319(d). The District accomplishes this by conducting internet searches, including using [vendor searches available through the Texas Comptroller of Public Accounts](#), and by using other less technologically-advanced tools to locate and identify potential contractors. The District uses the following sources to determine an adequate number of qualified vendors is the county newspaper, Texas ESBD and the Districts Electronic Bidding system. Also, the District will not preclude potential bidders from qualifying during the solicitation period. The Director of Purchasing is responsible for reviewing prequalified lists and determining if they include an adequate number of qualified sources.

Solicitation Language

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

When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a "brand name or equivalent" description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers will be clearly stated and will identify all requirements which

the offerors must fulfill and all other factors to be used in evaluating bids or proposals. 2 CFR § 200.319(c)

Templates are maintained by the Director of Purchasing for all types of solicitations.

C. Federal Procurement System Standards

In addition to avoiding conflicts of interest and ensuring full and open competition as described above, the District's written procurement procedures for purchases made with federal funds reflect applicable state and local laws and regulations and conform to the following *federal* standards for procuring goods and services with federal funds. 2 CFR § 200.318

Avoiding Acquisition of Unnecessary or Duplicative Items

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

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

Use of Intergovernmental Agreements

To foster greater economy and efficiency, the District enters into state and local intergovernmental agreements where appropriate for procurement or use of common or shared goods and services. 2 CFR § 200.318(e). This includes cooperative purchasing agreements as well as shared services arrangements (SSAs) where practical and beneficial. Cooperative purchasing is described in section 3.5 of *Module 5*. SSAs as they pertain to a particular grant program are described in section 1.3.1 of *Module 1* (FAR).

The District has several Interlocal Agreements in place. The decision to create an Interlocal resides with the Director of Purchasing. The District usually does not enter into an Interlocal Agreement unless there is an immediate need that can be fulfilled by doing so. The Director of Purchasing maintains a master list of all Interlocal Contracts available to the District's end users.

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

The District considers the use of federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs. 2 CFR § 200.318(f). The District is a member of Public Surplus for the buying and selling of excess and surplus products.

Procurement of Recovered Materials: In addition, the District complies with section [6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act](#). 2 CFR § 200.323. The requirements of section 6002 include procuring only items designated in guidelines

of the Environmental Protection Agency (EPA) at [40 CFR Part 247](#) that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition. The requirements apply to state and local governments, including school districts, and include the purchase of everyday items such as paper products, non-paper office products, office furniture, floor mats, and awards and plaques, as well as many other items, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired by the preceding fiscal year exceeded \$10,000. Requirements also include:

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

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

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

Vendors responding to solicitations are required to certify that they comply with this requirement.

Awarding Contracts to Responsible Contractors

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

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

The District will award a contract to a contractor who has the appropriate experience, expertise, qualifications, and any required certifications, necessary to perform the work. Contractors should also have the financial resources to sustain the project while the initial work is being completed and during each service period until he or she submits invoices for payment to the District as work is completed (for example, at the end of each month). Contractors should have the proper

equipment or the capability to subcontract for the proper equipment necessary to complete the contracted work. For example, if the contractor is to develop curriculum guidelines on a computer, the contractor should already have his or her own computer with the appropriate software.

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

The Purchasing department checks the www.sam.gov website before each Purchase Order is created using federal funds. These findings are attached in the financial software system to each Purchase Order.

State Rules for Selecting Vendors

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

- (1) the purchase price
- (2) The reputation of the vendor and of the vendor's goods or services
- (3) The quality of the vendor's goods or services
- (4) The extent to which the goods or services meet the district's needs
- (5) The vendor's past relationship with the district
- (6) The impact on the ability of the district to comply with laws and rules relating to historically underutilized businesses
- (7) The total long-term cost to the district to acquire the vendor's goods or services
- (8) for a contract for goods and services, other than goods and services related to telecommunications and information services, building construction and maintenance, or instructional materials, whether the vendor or the vendor's ultimate parent company or majority owner:
 - (A) Has its principal place of business in this state; or
 - (B) Employs at least 500 persons in this state

(**Note:** Federal requirements prohibit geographic preference when purchasing with federal funds. Therefore, *this requirement cannot be used to select a contractor when the purchase is made with federal funds.*)

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

Contract Provisions

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

1. All contracts paid from state or federal grants administered by TEA must retain copyright for the Texas Education Agency (TEA) and for the federal government (if a federally funded contract) unless otherwise negotiated in writing with TEA. Pursuant to the provisions in 2 CFR § 200.315, title to intangible property vests in the District as long as such property is used for authorized purposes. However, TEA and the federal awarding agency reserve a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use the work for federal purposes, and to authorize others to do so.
2. All contracts greater than \$150,000 must address administrative, contractual, or legal remedies.
3. All contracts greater than \$10,000 must address termination for cause and for convenience.
4. All construction contracts must include the Equal Employment Opportunity clause.
5. All prime construction contracts in excess of \$2,000 must include a provision for compliance with the Davis-Bacon Act and its implementing regulations.
6. All contracts in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with the Contract Work Hours and Safety Standards Act and its implementing regulations.
7. All contracts that meet the definition of “funding agreement” and where the District wishes to enter into a contract with a small business firm or nonprofit organization must include a provision for compliance with the Rights to Inventions Made by Nonprofit Organizations and Small Business Firms under Government Grants, Contracts, and Cooperative Agreements.
8. All contracts and subgrants greater than \$150,000 must contain a provision for compliance with the Clean Air Act and the Federal Water Pollution Control Act and their implementing regulations.
9. All contracts must include compliance with the Energy Policy and Conservation Act pertaining to mandatory standards and policies relating to energy efficiency contained in the state energy conservation plan.

10. A contract or subcontract must not be made to any party that is debarred or suspended from receiving federal funds.
11. Lobbying Certification and Disclosure of Lobbying (Byrd Anti-Lobbying Amendment) – All contractors that apply or bid for an award of \$100,000 or more must file the required Lobbying Certification that it has not and will not use any federal funds to lobby. If *non-federal* funds are used to lobby, the contractor must complete the Disclosure of Lobbying and forward the disclosure to the next tier, who must forward it through each tier to the federal awarding agency.
12. All contracts greater than \$10,000 must include compliance with section 6002 of the Solid Waste Disposal Act and its implementing regulations. 2 CFR § 200.323

The District also adheres to the best practices recommended by TEA as it pertains to professional services contracts paid from federal grants. See *III. Procurement System, G. Contract Administration*.

Maintenance of Procurement Records

Per *Module 5* of [FASRG](#),

“Accurate record-keeping and documentation should be a fundamental element of the procurement process. Precise and systematic record-keeping and records management withstands the constant scrutiny of various interest groups including vendors, the general public, and outside agencies as well as internal groups which are the users or customers of the purchasing system. This records management function should support the school district's overall information management plan described in the Data Collection and Reporting module and generally provide for:

- Both the *flow and retention of forms* including requisitions, purchase orders, petty cash and cash reimbursement receipts.
- *Full documentation of all competitive procurements* with comprehensive competitive procurement files containing specifications, competitive procurement advertisement, pre-competitive procurement conference minutes (as appropriate), competitive procurements submitted, competitive procurement tabulation, board minutes indicating competitive procurement awards (or a similar award notice) and related records.
- *Full documentation of procurement procedures* utilized to obtain goods and services through competitive sealed proposals, design/build contracts and other procurement options.

- *Documentation of price quotations* obtained when purchasing with federal funds.

The records management function may rely on electronic formats including automated systems, diskettes, CD-ROM, imaging and microfiche. Alternatively, it may use hard copy or a combination of methods.”

Therefore, the District will select the methods best suited to its needs.

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

- the method of procurement and the rationale for choosing that method (i.e., the reason the District chose procurement by micro-purchase, small purchase procedures, sealed bid, competitive proposals, or noncompetitive proposals)
- the type of contractual agreement or instrument used and rationale for using that type
- the process used to either select the contractor or to reject the contractor (what was the process and what were the factors considered in selecting or rejecting the contractor; this must be in writing)
- the basis used for determining the price of the contract (including a cost or price analysis), and
- Verification that the contractor is not suspended or debarred. 2 CFR § 200.318(i)

Please see section *VII. Record Keeping* for more information on the District’s records management policies.

[Board Policy](#)

Time and Materials Contracts

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

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

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

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

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

Time and Materials contracts are generally only used in maintenance type agreements for services involving HVAC, Plumbing, Electrical, and other similar trades. We are not allowed to use time and materials contracts when procuring construction services of new or renovation projects.

Settlements of Issues Arising Out of Procurements

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

Protest Procedures to Resolve Disputes

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

[Board Policy](#)

D. Responsibility for Purchasing

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

Campus/Department Secretaries usually are the ones that initiate a requisition in ERP System. Each requisition goes through various approvals based on the fund type, amount, and product being purchased. Contracts are reviewed by the Purchasing Director or Internal Legal Counsel depending on what type of contract. The flow chart for contract review can be [found here](#). Final determination for budgetary reasons will lie with the budget manager.

The Grant Administrator and/or Grant Manager along with the Director of Purchasing reviews all purchase orders using Federal Funds.

E. Purchase Methods When Using Federal Funds

Note: The state requirements for purchasing change periodically. Therefore, it is important to stay abreast of any state or TEA-mandated changes pertaining to purchasing to enable the district to revise its purchasing procedures accordingly.

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

State Requirements Related to Purchasing Methods

Unless otherwise more restrictive in federal law for procurement with federal funds, the District complies with the purchasing methods prescribed in TEA's [FASRG](#) and in state law for all purchases regardless of the funding source (i.e., state, local, or federal).

Texas Education Code § 44.031 (a) states that all school district contracts for the purchase of goods and services valued at **\$50,000 or more** in the aggregate, for each 12-month period are to be made by the method that provides the best value to the district. This does not apply to contracts for the purchase of produce or vehicle fuel.

The law enumerates several options for competitive procurement that are available to school districts. One of these options must be used for contracts expected to equal or exceed \$50,000 regardless of the funding source (i.e., state, local, or federal):

- (1) Competitive bidding
- (2) Competitive sealed proposals
- (3) Request for proposals, for services other than construction services
- (4) Intermodal contracts

- (5) design-build contracts
- (6) Contract to construct, rehabilitate, alter, or repair facilities that involve using a construction manager
- (7) A job order contract for the minor construction, repair, rehabilitation, or alteration of a facility
- (8) Reverse auction procedure as defined by Section 2155.062(d), Government Code; or
- (9) The formation of a political subdivision corporation under Section 304.001, Local Government Code."

Professional and Consulting Services

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

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

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

Certain *professional services*, specifically those covered under Chapter 2254, Subchapter A of the Texas Government Code, (i.e., architects, CPAs, registered engineers, optometrists, physicians, surgeons, land surveyors, landscape architects, registered nurses and state certified, or state licensed real estate appraisers) are not selected based on competitive bidding. Rather, they must be selected based on demonstrated competence and qualifications obtained through a *Request for Qualifications* or similar document. After the District makes its selection based on demonstrated competence and qualifications, a fair and reasonable price for the services is then negotiated and agreed upon.

Consulting services: According to FAR (Module 1 of TEA’s [FASRG](#)), consulting services

“Refer to the practice of helping districts to improve performance through analysis of existing problems and development of future plans. Consulting may involve the identification and cross-fertilization of best practices, analytical techniques, change management and coaching skills, technology implementations, strategy development, or operational improvement. Consultants often rely on their outsider’s perspective to provide unbiased recommendations. They generally bring formal frameworks or methodologies to identify problems or suggest more effective or efficient ways of performing tasks. Consulting services cover all functional areas such as instruction, curriculum, and administration.

Consulting does not include a routine service/activity that is necessary to the functioning of a school district’s programs, such as hiring additional people on contract to supplement present staff. It also does *not* apply to services provided to conduct organized activities (such as training or other similar educational activities.)”

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

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

Allowable Professional Service Costs

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

- The nature and scope of the service rendered in relation to the service required;
- The necessity of contracting for the service, considering the District’s capability in the particular area;
- The past pattern of such costs, particularly in the years prior to federal awards;
- The impact of federal awards on the District’s business (i.e., what new problems have arisen);

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

Purchasing Goods or Services with Federal Funds

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

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

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

The Business Office verifies the proposed purchase is *reasonable in cost* (i.e., comparable to current fair market value) the district ties each purchase using federal funds to the Campus or District Improvement Plan. This includes the Goal, Objective, and Strategies used to accomplish the plan. They are included on each requisition, payment authorization, or Journal Entry.

The grant administrator and/or grant manager assigned to the grant verifies the proposed purchase is necessary to accomplish the objectives of the grant program in that the expenditure is vital or required for the grant program to be successful by this being tied to the Campus or District Improvement Plan.

Five Methods for Procuring with Federal Funds

2 CFR § 200.320 provides for five methods that must be used when making purchases with federal funds. In some cases, these *federal* methods are less restrictive than *state* requirements; in other cases, the *state* requirements are more restrictive than these *federal* methods. Additionally, if *local* requirements are more restrictive than either state or federal, then local requirements must be

followed. In all cases, the more restrictive requirements or methods must be followed when making purchases with federal funds.

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

- Micro-purchase
- Small purchase procedures
- Sealed bids
- Competitive proposals
- Noncompetitive proposals (sole source)

The following describes the five procurement methods allowed under federal law. While the federal rules provide a basic structure for each procurement method, the District must have documented procurement policies which provide detail on the process by which all purchases are made. Consequently, for each procurement method, provide the following detail either here or in the referenced procurement procedures:

- Procurement Documents
 - Orders are initiated with a requisition and then a purchase order is created by the Purchasing Department.
 - Each requisition has the ability for several attachments to be saved in the ERP system. Those may include contracts, quotes, insurance documents, certifications, internal correspondence/approvals, and SAM.gov documents. The Purchasing department staff can add/delete documents, but the end users can only add documents.
 - The requisition includes but not limited to budget codes, ship to address, item numbers, item descriptions, prices, contract numbers, and end usernames.
 - All documentation, justification, and records are kept within the Purchase Order in the financial software.
- Responsibilities
 - Requisitions are entered by District secretaries/bookkeepers, and they go through the approval process. Once fully approved the Purchasing department receives and checks for justification/legality. Grant Administrators and/or Grant Managers, Budget Managers and Upper-Level Management complete the approvals. Contracts are reviewed according to our Contract Review Procedures.
- Required Number and Types of Quotations

- Any purchases using local or state funds over \$100,000 should have (3) quotes unless the purchase was already awarded as part of a bid process. All quotes are written and are attached within the Purchase Order in the financial software system. End Users are responsible for obtaining bids with the Purchasing Department assistance if needed.

The [District's Purchasing Procedures](#) are used for determining state and local rules.

Micro-Purchases (Purchases up to \$49,999.99)

Federal methods provide for procurement by *micro-purchase*. *Micro-purchase* is defined in 2 CFR § 200.320(a) as a purchase of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed \$49,999.99. The micro-purchase method is used in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost.

In accordance with federal requirements, micro-purchases may be awarded without soliciting competitive quotations *if the District considers the price to be reasonable*. Also, when using federal funds, to the extent practicable, the District must distribute micro-purchases equitably among qualified suppliers the Purchasing department will monitor micro purchases to ensure they are shared among various vendors.

The District maintains evidence of this reasonableness in the records of all micro-purchases. Please see page 19 for written procedures on how to determine whether a price is reasonable.

Campus/District Improvement Plan Goal, Objective, and Strategy for EDGAR Compliance.

Per § 200.320(1)(iv)(C) the Non-Federal entity may increase to the micro-purchase threshold up to \$50,000. Non-Federal entities may establish a threshold higher than the micro-purchase threshold identified in the FAR in accordance with the requirements of this section. The non-Federal entity 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 §200.334. The self-certification must include a justification, clear identification of the threshold, and supporting documentation. Section (C) allows public institutions, to increase to a higher threshold consistent with State law. In this case, PISD has increased their threshold to \$49,999.99 to be compliant.

Purchases \$50,000 or More in the Aggregate

According to Texas law, one of the following competitive methods must be used for purchases of \$50,000 or more in the aggregate:

- (1) Competitive bidding
- (2) Competitive sealed proposals
- (3) Request for proposals, for services other than construction services

- (4) Intermodal contracts
- (5) design-build contracts
- (6) Contract to construct, rehabilitate, alter, or repair facilities that involve using a construction manager
- (7) A job order contract for the minor construction, repair, rehabilitation, or alteration of a facility
- (8) Reverse auction procedure as defined by Section 2155.062(d), Government Code; or
- (9) The formation of a political subdivision corporation under Section 304.001, Local Government Code.

Each of these competitive methods is described more thoroughly in *Module 5* of [FASRG](#).

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

Sealed Bids (Formal Advertising)

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

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

If sealed bids are used, the following requirements apply:

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

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

Competitive Proposals

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

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

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

Proposals using a weighted “best value” are scored on criteria as listed in Texas Education Code 44.031. The Purchasing department scores pricing, references, HUB requirements, and geographical preference, while the end user will score quality, past history with the vendor, long term cost, and extent which it meets our needs. The Purchasing Department requires no fewer than 3 evaluations per solicitation and the average of those scores are used to determine awards. Evaluations must take place no later than 30 days after the proposals are opened. All solicitations are awarded by the PISD Board of Trustees.

Noncompetitive Proposals (Sole Sourcing)

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

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

Additionally, *state* requirements related to sole source purchasing are, in some ways, more restrictive. In addition to the federal requirements above, sole source purchases must meet established criteria:

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

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

In all cases, the District will obtain and retain documentation from the vendor which clearly delineates the reasons which qualify the purchase to be made on a sole source basis.

1. The item is available only from a single source. Note that this circumstance is hard to document and prove when questioned.
2. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation. Note that this circumstance is hard to document and prove when questioned.
3. The federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-federal entity.
4. After solicitation of a number of sources, competition is determined inadequate. Note that this circumstance is hard to document and prove when questioned.

Sole Source using Federal Funds must be issued to TEA on the form below.

<https://tea.texas.gov/sites/default/files/EDGAR%20Procurement%20Sole%20Source.pdf>

Cost/Price Analysis for Federal Procurements in Excess of \$250,000

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

To accomplish this, *after* bids and proposals are received, but *before awarding a contract*, the District conducts either a *price analysis* or a *cost analysis*, depending on the type of contract, in connection with every procurement with federal funds in excess of \$250,000. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation; however, the District will come to an independent estimate prior to receiving bids or proposals. 2 CFR § 200.324(a). The *cost analysis* or *price analysis*, *as appropriate for the particular situation*, will be documented in the procurement files.

Accordingly, the District performs a *cost or price analysis* in connection with every *federal* procurement action in excess of \$250,000, including contract modifications, as follows:

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

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

When performing a *cost* analysis, the Buyer negotiates profit as a separate element of the price. To establish a fair and reasonable profit, consideration is given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work. 2 CFR § 200.324(b).

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

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

Each solicitation has a cost analysis completed by the buyer for that commodity and it is saved in the bid folder.

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

F. Purchase Cards (District-Issued Credit Cards/Pro Cards)

Employees are given travel cards that can be used for travel expenses only. [The District Travel Card Manual](#). Campuses and Departments are assigned Location Procurement Cards (LPC) to make small, spot purchases. The guidelines for this program can be found in the [LPC Manual](#).

The use of district-issued credit cards or procurement cards is carefully controlled and monitored to prevent fraud, waste, and abuse. Section 3.3.3.3 in Module 5 of the [FASRG](#) addresses the use of credit/pro cards. The District chief financial officer, accounting director, and procurement director work together to set and enforce policies and procedures. Misuse and abuse will not be tolerated.

In accordance with suggested procedures in *Module 5* of [FASRG](#), the District:

- Holds reviewers of credit card purchases to the same standards as cardholders.
- Applies the same set of rules to all card users, although spending limits may vary.
- Restricts card usage by spending limits, unauthorized merchant category codes, and awarded vendors (if applicable).
- Issues cards to employees only after they have signed card agreement and been provided the procedure manual on the purchasing card program.

Segregation of Duties

- Identifies certain employees to be cardholders and others within the same department to be reviewers of the cardholders' purchases.
- Does not allow the same employee to buy, receive, approve, and reconcile card purchases.
- Has different employees set up cardholders and reviewers in the P-card system and the banking system.

Cardholders

- Requires cardholders to turn in detailed receipts in accordance with policies and documenting the business reason. Receipts must include line-by-line detail of the order.
- Requires cardholders to complete training prior to receiving a card and acknowledge in writing receipt of the policy and procedure manual.

Reviewers

- Revokes a department's card privileges if a departmental reviewer does not review and approve transactions according to policy.
- Requires the reviewers to call the employee immediately upon noticing a questionable transaction rather than waiting for the due date of receipts.
- Requires the reviewers to complete training prior to reviewing transactions and acknowledging in writing receipt of the policy and procedure manual.
- Reviewers are responsible for no more than 8 cardholders at most in order to be effective.

Monitoring and Oversight

- Is selective when issuing cards--focus on repetitive, small-dollar purchases.
- Keeps limits as low as possible to accommodate normal business needs. If there is a need to allow for emergency purchases, certain employees can have a higher limit.
- Card reviewers must follow the same high standards applied to cardholders.
- The business office staff reviews the work of the card reviewers, and the list of P-card users is reviewed annually.
- Uses the software to review the average spent by cardholder, purchases from unauthorized suppliers, purchases shipped to the cardholder's home, and purchase amounts slightly below purchase limits.
- Reviews reports provided by the p-card programs such as declined authorizations report, disputes report, and lost/stolen card report which can reveal employees in need of additional training or attempting to misuse the card.

- Reviews district-wide activity periodically to identify frequently used vendors or products to consider negotiating volume discounts in order to obtain best prices for the district.
- Encourages staff to contact the hotline used to report any fraud.

Each credit card transaction must be properly accounted for. Refer to *II. Financial Management System, E. Accounting Records, Documentation Associated with Using District Credit/Pro Cards*, for specific information related to the proper accounting of credit card purchases.

G. Contract Administration

The District maintains the following oversights to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. 2 CFR § 200.318(b). The District's Purchasing department has created [Vendor Report Cards](#) for End Users to report bad and good reviews of vendors. This list is reviewed by purchasing to ensure contracts are renewed or not based on this feedback and if any follow up is required.

To ensure proper administration of contracts and any subgrants that may be awarded by the District, the District uses the following guidelines to determine whether each agreement it makes for the disbursement of federal funds is a *contract*, whereby funds are awarded to a *contractor*, or a *subaward*, whereby funds are awarded to a *subrecipient*. The substance of the relationship is more important than the form of the written agreement. 2 CFR § 200.330

Subawards/Subgrants

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

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

Contracts

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

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

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

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

- h. The administrative costs charged to the grant in the contract must be reasonable and must comply with any statutory limitations for administrative costs specified in the federal program funding source.

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

Documentation for Contracts

The District maintains the following written documentation, at a minimum, for each contract paid with federal funds: Contracts are stored at the campus/department level of the end user. Signed Contracts are attached to each requisition in the ERP System software.

A copy of the written, signed contract/agreement for services to be performed

1. The rationale or procedure for selecting a particular contractor
2. Evidence the contract was made only to a contractor or consultant possessing the ability to perform successfully under the terms and conditions of the contract or procurement
3. Records on the services performed – date of service, purpose of service – ensuring that services are consistent and satisfactorily performed as described in the signed contract or purchase order
4. Documentation that the contractor was *not paid before services were performed*, and
5. Records of all payments made (such as a spreadsheet or report generated from the general ledger), including the total amount paid to the contractor.

Payment Only After Services Are Performed

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

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

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

- a clear identification of the contractor/consultant, including name and mailing address

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

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

Verification of Receipt of Goods and Services Provided by Contractors

If the purpose of the contract or purchase order is to deliver goods, the end user in the campus/department will verify that the quantity and quality of goods were received as specified in the contract/purchase order. The receiving report and procedures used in all other state/local purchases will be used for all federal purchases.

Receiving Reports

If the purpose of the contract is to purchase services, the end user will verify that the quality and scope of services were received as specified in the contract. The staff that requested the services will notify the secretary/bookkeeper when the services are complete. At this time the secretary/bookkeeper will prepare a receiver in the financial software.

Prompt Payment to Vendors/Contractors

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

H. Submission of Procurement System

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

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

902.6 Property Standards

The district shall safeguard all property (assets and inventory) purchased with federal grant funds under the same guidelines as property purchased with local funds. Additional insurance for property purchased with federal grant funds shall be acquired if specifically required by a federal grant award. The Grant Manager, Grant Administrator and/or Grant Department and/or Grants department will contact the Associate Superintendent of Finance for the acquisition of insurance for all federally funded property.

Real Property

The district has not and will not use federal grant funds to purchase real property.

Equipment and Supplies

The district shall use federal grant funds to purchase equipment and supplies as allowed in the grant. The district shall not use federal grant funds to purchase intangible property. The federally funded equipment shall be used only for the authorized purposes and shall be disposed of, at the end of the useful life or end of the grant period, in accordance with the grant award guidelines. The district shall not use the federally funded equipment to generate program income. The federally funded supplies shall be used only for the authorized purposes. Any residual (unused) supplies, in excess of \$5,000 in total aggregate value, at the end of the grant program or project may be used for any other federal grant program. Otherwise, the supplies shall be retained by the district or sold but must reimburse the granting agency for the district use or sell of the supplies. The district shall implement purchasing deadlines for the purchase of federally funded supplies to ensure that residual supplies are not available at the end of the grant period or project. The purchasing deadlines will be determined by the Grant Manager, Grant Administrator and/or Grant Department, and notice will be given to district personnel at the beginning of the grant period. Other purchasing deadlines are determined by the Business department and are distributed electronically to all staff.

Capitalization Policy and Definitions

The district shall utilize the same capitalization policy for non-grant and grant-funded asset purchases. The district's capitalization threshold for assets is \$5,000.00 per unit cost. The district has adopted the EDGAR (CFR 200.12) definitions of property as noted below:

- *Capital assets* means tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP. (CFR 200.12).
- *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. (CFR 200.33)

- *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. (CFR 200.20)
- *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. (CFR 200.58)
- *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 §200.33 Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life. (CFR 200.94)
- *Leases*
 - In accordance with GASB 87, the District is required to report a right to use asset and related lease liability for any lessee lease positions the District maintains. Similarly, the District is required to report a lease receivable and related deferred inflow of resources for any lessor lease positions maintained by the District. Lease Threshold – Intangible right-to-use lease assets (a capital asset category) associated with leases of the District should be capitalized according to the following threshold: \$100,000 or greater in future lease payment through the lease term. If the District is a lessee in a leasing arrangement, the intangible right-to-use lease asset should be capitalized if greater than or equal to the threshold above. Assets with remaining lease payments below the threshold should be expensed as payments are made. This threshold should only be applied once upon entering into a lease agreement as defined by GASB 87.
- *SBITA*
 - In accordance with GASB 96, a subscription-based information technology arrangement (SBITA) is defined as a contract that conveys control of the right to use another entity's software, alone or in combination with tangible capital assets (the underlying IT asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of underlying IT assets include printers, devices, and equipment. Any contract that meets this definition should be accounted for under the GASB SBITA Guidance, unless specifically excluded in this Statement.
 - School Districts may establish a liability threshold for reporting SBITAs that are deemed de minimis when compared to the district's financial capacity. This threshold defines the dollar amount at which a SBITA with a maximum possible term of more than one year will be classified as a liability.
 - Effective 9/1/2022, based on the above guidelines, the district has determined an individual SBITA liability threshold of \$100,000 of prior year expenditures. This individual capitalization threshold applies to all SBITAs with a maximum possible term of more than one year.

Acquisition Cost

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

- *Acquisition cost* means the cost of the asset including the cost to ready the asset for its intended use. Acquisition cost for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Acquisition costs for software includes those development costs capitalized in accordance with generally accepted accounting principles (GAAP). Ancillary charges, such as taxes, duty, protective in transit insurance, freight, and installation may be included in or excluded from the acquisition cost in accordance with the non-Federal entity's regular accounting practices. (CFR 200.2)

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

The district has also defined “inventory items” as items with a unit cost between \$500 and \$4,999. These items shall have a tag affixed to the item for inventory tracking and insurance purposes only. Inventory items shall include computing devices within these costs. The district shall track these items for insurance purposes and shall conduct an annual inventory of these items to the extent possible.

Inventory Items: [Inventory Assets List](#)

The district has also defined technology-related “walkable” or “personal use” items with a unit cost less than \$500 as the following (these items shall be tracked by the Technology department).

- Camcorder (video camera) less than \$500
- Camera less than \$500
- Charging Cart Station
- Computer Monitor less than \$500
- Computer Printer less than \$500
- Document Camera/Visualizer less than \$500
- FAX Machine less than \$500
- Headphones less than \$500
- Projector (data/video) less than \$500
- Scanner less than \$500
- Voting Device (Activote) less than \$500

902.61 Identifying and Tracking Federally Funded Assets

Title to federally funded equipment and supply purchases shall be retained by the district, unless otherwise notified by the granting agency. As district property, the district shall affix a tag, inventory, and dispose of all assets (non-grant and grant-funded) according to the district's fixed asset procedures.

Fixed Asset Procedures

The district procedures shall include the recording of all assets on a database with the following information:

- 1) District-issued tag (or identification number)
- 2) Date of acquisition
- 3) Description of asset
- 4) Serial number, or other identifying number
- 5) Funding source, i.e., fund code
- 6) Federal use of asset (percentage)
- 7) Cost of asset (acquisition cost)
- 8) Use and condition of the asset (New, Used, etc.)
- 9) Life of asset
- 10) Location of asset (building and room number)
- 11) Depreciation of asset
- 12) Owner of asset title, typically the district

Maintaining Asset Inventory & Records

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

The district fixed asset procedures shall include an annual inventory (or more frequently if required by a granting agency) of all assets and reconciliation of the inventory reports. The district's annual inventory of assets shall be conducted by each school and department inventory liaison each fiscal year. Lost, damaged, or stolen assets shall be recorded on the fixed assets database with the date of the loss. The disposition records such as the loss report (police report for thefts) shall be maintained with the asset records.

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

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

The Lead Staff Accountant shall be responsible for maintaining the fixed asset database of all district assets, including all federally funded assets.

902.7 Cost Principles

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

The district shall adhere to the Cost Principles for federal grants [EDGAR SUBPART E] and any additional grant-specific cost principles. The general principles of EDGAR state that:

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

The district shall ensure that a review of all proposed obligations and expenditures to ensure they are allowable and/or allocable to a federal grant award, the district shall not make the obligation/purchase with the federal grant funds when not allowable and/or allocable. Other funds, such as local funds, may be used to make the obligation/expenditure, as appropriate.

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

[Note. It is essential to post all credits to the general ledger on a timely basis to ensure that the district does not draw-down grant expenditures in excess of actual expenditures net of all credits. Otherwise, the district may be considered to have drawn-down funds under an advanced cash method.] The accountant responsible will ensure that all applicable credits have been posted to the general ledger prior to preparing and submitting a federal grant draw-down request from the granting or pass-through entity.

A cost allocation plan or an indirect (F&A) cost rate, whether submitted to a Federal cognizant agency for indirect costs or maintained on file by the district, must be certified by the district using the **Certificate of Cost Allocation Plan or Certificate of Indirect Costs**. The certificate must be signed on behalf of the district by the Associate Superintendent of Finance.

All district costs with federal grant funds, whether direct or indirect, shall meet the minimum requirements of allowability as specified in the 2 CFR 200.403. In addition, the costs must meet the general provisions for selected items of cost (2 CFR 200.420). Specific items not listed within these procedures shall be evaluated by the Grant Manager, Grant Administrator and/or Grant Department, Grants and Business departments on case-by-case basis for allowability. The general cost allowability rules for specific items of cost listed within these procedures shall apply to all federal grant funds, unless more restrictive allowability rules are required by a particular federal grant award. **The district shall adhere to the more restrictive allowability rules when a conflict arises between the general allowability rules, the program-specific allowability rules and the district's allowability rules.**

Selected Items of Costs

2 CFR Part 200, Subpart E, examines the allowability of 55 specific cost items (commonly referred to as *Selected Items of Cost*) at 2 CFR §§ 200.420 -.475. These cost items are listed in the chart below along with the citation where it is discussed. Please do not assume that an item is allowable because it is specifically listed, as it may be *unallowable* despite its inclusion in the selected items of cost section, or it may be allowable only under certain conditions, including prior written approval.

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

The selected items of cost addressed in *2 CFR Part 200, Subpart E* include the following (in alphabetical order):

Item of Cost	Citation of Allowability Rule
Advertising and public relations costs	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 and services for personal use	2 CFR § 200.445
Idle facilities and idle capacity	2 CFR § 200.446
Insurance and indemnification	2 CFR § 200.447
Intellectual property	2 CFR § 200.448
Interest	2 CFR § 200.449
Lobbying	2 CFR § 200.450
Losses on other awards or contracts	2 CFR § 200.451
Maintenance and repair costs	2 CFR § 200.452
Materials and supplies costs, including costs of computing devices	2 CFR § 200.453
Memberships, subscriptions, and professional activity costs	2 CFR § 200.454
Organization costs	2 CFR § 200.455
Participant support costs	2 CFR § 200.456
Plant and security costs	2 CFR § 200.457
Pre-award costs	2 CFR § 200.458

Professional 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
Termination costs	2 CFR § 200.471
Training and education costs	2 CFR § 200.472
Transportation costs	2 CFR § 200.473
Travel costs (<i>TEA restricts to actual costs, not per diem</i>)	2 CFR § 200.474
Trustees	2 CFR § 200.475

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

District costs generally fall under two major categories: 1) compensation/benefits; and 2) non-compensation (supplies, services, travel or equipment). The district has elected to use federal grant funds for both compensation/benefits and non-compensation expenditures.

902.71 Compensation & Benefits – Employee (Payroll Expenditures)

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

Compensation Costs

All payroll expenditures shall be paid in accordance with the federal cost principles. First and foremost, the payroll expenditures must be authorized on the grant application and the duties assigned must be directly related to grant activities. In addition, compensation costs shall be allowable if:

- The costs are reasonable for the services rendered and conforms to the established district compensation and benefit plans for expenditures with all other funds, i.e., local funds,

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

Benefit Costs

District costs for fringe benefits for federally funded staff shall be allowable as noted below:

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

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

- Severance or settlement agreement payouts to current and/or previous federally funded grant staff [NOTE. These costs are allowed subject to strict guidelines – district option to include or exclude.]
- Optional pension plans (other than the mandatory Teacher Retirement System of Texas contributions). [NOTE. These costs are allowed subject to strict guidelines – district option to include or exclude.]
- Automobile costs or allowance

Documentation of Compensation and Benefit Costs

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

- **Exempt staff**
 - Employment agreement, contract, or reasonable assurance, as appropriate
 - Job description signed by the employee with language similar to: *Funded by Title I, Part A with the primary purpose of supporting grant activities aimed at improving academic achievement for students struggling to meet state standards.*
 - *Supplemental duties, if any, shall be supported by a Sign in Sheet or Timecard*
 - Absence records, if any
 - Time and Effort documentation, as appropriate (Semi-Annual Certification, Periodic Time and Effort, or the Substitute System for Time and Effort)
- **Non-Exempt staff**
 - Employment agreement, contract, or reasonable assurance, as appropriate
 - Job description signed by the employee with language similar to: *Funded by Title I, Part A with the primary purpose of supporting grant activities aimed at improving academic achievement for students struggling to meet state standards.*
 - Absence records, if any
 - Time and Effort documentation, as appropriate (Semi-Annual Certification, Periodic Time and Effort, or the Substitute System for Time and Effort)
 - Timekeeping records (actual work hours per workweek) in accordance with the FLSA and the district's Timekeeping Procedures.

Time Card Procedures

902.72 Selection of Grant-Funded Staff

The Grant Manager, Grant Administrator and/or Grant Department shall work collaboratively with the appropriate stakeholders (campuses and departments) to identify all staff needed to accomplish the grant activities. The Grant Manager, Grant Administrator and/or Grant Department shall work collaboratively with the Business department to obtain estimated salaries for proposed grant-funded staff prior to the completion of the grant application. And, the Grant Manager, Grant Administrator and/or Grant Department shall provide a copy of the Payroll Summary of each grant program to each of the campuses and departments noted above upon approval of the grant application.

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

The School Board approved Teacher Hiring and Mid-Point Pay Scale shall be used to compensate all district staff whether paid from local, state or federal grant funds. In addition, the district shall provide the same employer-provided benefits for all district staff whether paid from local, state or federal grant funds.

The compensation for grant-funded staff shall be allocated to the respective grant program (fund) based on the single and/or multiple cost objectives performed by the grant-funded staff. If a grant-funded staff member performs non-grant activities during the day or beyond the normal workday, the compensation for the non-grant activities shall be paid from non-grant funds. Grant-funded staff with more than one cost objective, shall comply with the Time and Effort documentation requirements. Incentive payments, such as performance, perfect attendance, safety, etc. for grant-funded staff shall be allowable with federal grant funds if they are based on the same criteria as non-federal grant funded staff.

New Positions

New grant-funded positions shall be created only when a job description has been developed and approved by the Human Resources, Grants department and the Grant Manager, Grant Administrator and/or Grant Department. The Grant Manager, Grant Administrator and/or Grant Department shall ensure that the position is approved on the grant application and that adequate funds exist to fill the position. The Human Resource Analyst shall be notified to ensure that the position is budgeted in ERP System and the position is paid using the correct payroll account distribution codes.

New Hires

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

For Formula grants the Grant Administrator shall review the request to ensure that the position is still authorized and necessary. Changes to the job description, if any, should be made at this time. The Grant Administrator shall review the request to ensure that adequate funds exist in the appropriate account code(s). If funds do not exist, the Grant Administrator shall notify the Business department to determine if funds will be re-appropriated to the account code(s). After approval from the Grant Administrator, the Human Resources department shall advertise the position.

For Discretionary grants, the Grants department shall review the request to ensure that the position is still authorized and necessary. Changes to the job description, if any, should be made at this time. The Grant Manager, Grant Administrator and/or Grant Department shall review the request to ensure that adequate funds exist in the appropriate account code(s). If funds do not exist, the Grant Manager, Grant Administrator and/or Grant Department shall notify the Business department to determine if funds will be re-appropriated to the account code(s). After approval from the Grants department and Grant Administrator, the Human Resources department shall advertise the position.

The screening and selection process shall include a review of the recommended applicant to ensure that he/she meets the highly qualified requirements under the No Child Left Behind Act (NCLB), as appropriate, or any other grant-specific credentials.

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

Transfer of Personnel

When staff in a position funded with grant funds is recommended for transfer to another campus, department, or assignment, the Grant Administrator and/or Grants, Human Resources, and Business departments shall work collaboratively to ensure that the appropriate staff allocations and funding changes are made at the time of the transfer. The home campus or department shall initiate the request for the transfer, especially if it is a teaching assignment change at a campus. The Grant Administrator and/or Grants, Human Resources, and Business departments must evaluate the requested transfer to ensure that the staff allocations, highly qualified staff requirements, and funding source changes are in compliance with grant requirement.

For example, if an elementary principal requests to transfer a Title I Reading teacher to a Pre-Kindergarten regular classroom teacher, the following considerations should be evaluated by the respective departments: 1) Human Resources – ensure that a vacancy exists in a PK teacher position and that the teacher recommended for transfer is certified to teach PK; 2) Grant Administrator and/or Grants department – ensure that the grant strategies and activities can be accomplished in a timely manner after filling the vacancy that would be created by the transfer; and 3) Business department – ensure that funds exists for the additional PK teacher slot and change the payroll account distribution code(s) from Title I to PK as of the effective date of the transfer.

Substitute Teachers

Salary expenditures for substitute teachers are allowable for approved teacher positions. The Grant Administrator/ Grant Manager shall ensure that the expenditures for substitute teacher costs are budgeted and expensed from the appropriate account code(s). The School-Board approved substitute pay scale shall be used to compensation all substitute teachers whether paid from local, state or federal grant funds.

Stipends and Extra Duty Pay

Stipend and extra duty pay expenditures are allowable for authorized and approved activities. A sign in sheet or timecard shall be maintained to substantiate the stipend and/or extra duty pay. It is recommended by TEA that a job description for each stipend role include the duties related to the grant

purpose and the grant funding source. The School-Board approved Stipend and Extra Duty Pay Schedule shall be used to compensation all teachers whether paid from local, state or federal grant funds.

The Grant Administrator/Grant Manager will ensure that the expenditures for stipend and extra duty pay are budgeted and expensed from the appropriate account code(s). The stipend and extra duty pay rates shall be the same as the rates used for similar locally funded activities.

Salary Book

902.73 Time and Effort Documentation

District staff funded wholly or partially with federal grant funds shall comply with federal guidelines related to time and effort. The grant funded staff, their immediate supervisors, the Grant Administrator/Grant Manager and/or Grants departments shall be aware of the federal guidelines related to time and effort documentation. On at least an annual basis, all impacted staff shall be trained by the Grant Manager, Grant Administrator and/or Grant Department, Grants department and/or attend appropriate training from an outside source.

The district shall collect and monitor time and effort documentation for district employees only. **Time and effort documentation does not apply to Independent Contractors.**

The Grants Compliance Coordinator will review time and effort documentation on discretionary grants during the compliance review process and ensure that the district's process is being followed.

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

Job description for all grant funded staff

The district shall develop and distribute a job description to all district staff that is wholly or partially funded with grant funds. The job description shall include the funding source and the job duties as they relate to the grant position. The grant-funded staff shall sign Affidavit Statement Paid with Federal Funds at the time of employment and on an annual basis thereafter or when the funding source, job title or other changes occur in the employment or assignment of the staff member.

The job description and assignment shall be supported by documentation such as grade books, master schedule, etc.

Roster of all grant funded staff

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

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

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

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

The review should occur on at least a semi-annual basis throughout the school year to ensure that the roster of grant funded staff is accurate and up-to-date throughout the year. NOTE: It is critical that at least one of the reviews coincide with the submission of the Fall PEIMS Staff Data to ensure that accurate data is submitted as of the October snapshot date.

Budgeting of grant funded staff

The roster of grant funded staff shall be the basis for budgeting of grant funded staff. The percentage of time in each funding source shall be utilized by the Grant Administrator and/or Grant Manager with the assistance of the Business department to create and enter the salary portion of the grant budget. The percentages shall also be utilized by the Human Resource department to enter the payroll distribution account code(s).

In addition, the Grant Manager, Grant Administrator and/or Grant Department shall ensure that the Grant Personnel Schedule of the grant application matches the budget and payroll account code(s). For example, if the Grant Personnel Schedule for Title I, Part A includes a position of a “008 – Counselor (6119)”, the budget and payroll account code distribution shall be entered in a 6119 object code.

The Grant Manager, Grant Administrator and/or Grant Department and Business department shall work collaboratively to adjust the budget and payroll account code distributions of grant funded staff if the time and effort documentation consistently reflects that the percentage(s) across the funding source(s) is not a true reflection of the normal work schedule.

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

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

The timeline for semi-annual certifications shall be once per academic semester to coincide with teaching assignment each semester. The immediate supervisor shall submit all signed semi-annual certifications to the Grant Manager, Grant Administrator and/or Grant Department as noted below:

- 1) 1st Certification – due in September
- 2) 2nd Certification – due in January

The Grant Manager, Grant Administrator and/or Grant Department review shall consist of the following:

- 1) A review of the certification forms to ensure that every staff member and supervisor has certified that their schedule is 100% grant related
- 2) A test sampling of staff assignments, i.e., master schedule, duty schedule, etc. to verify the schedule is 100% grant related

The Grant Manager, Grant Administrator and/or Grant Department shall collect and review all Semi-Annual Certification Forms. Any certifications that reflect a percentage other than 100% shall be forwarded to the Business department for adjustment of the grant payroll expenditures for the certification period. [NOTE: Steps should also be taken to ensure that the staff member’s work schedule is adjusted to 100% grant related or is changed from the semi-annual certification method to time and effort reporting.] The Grant Manager, Grant Administrator and/or Grant Department shall file the certifications for audit purposes.

The Business department shall prepare a journal ledger entry to correct the account distribution code(s) as appropriate.

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

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

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

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

Grant-funded staff under this category shall complete a Time and Effort Worksheet to include the date, grant source, percentage worked in the grant source per day and the summary for the month (or pay cycle). The staff member and his/her immediate supervisor shall sign the time and effort report. The timeline for time and effort reports as noted below:

Semi-monthly payroll [1st & 15th of month] – Time & Effort reports are due by the 10th of the month.

The staff paid from grant funds shall submit all signed time and effort reports to the Grant Manager, Grant Administrator and/or Grant Department.

The Grant Manager, Grant Administrator and/or Grant Department review shall consist of the following:

- 1) A review of the time and effort reports to compare the summary percentage of grant-related work per funding source to the budgeted percentage utilized to charge the semi-monthly payroll charges
- 2) A test sampling of staff assignments, i.e., master schedule, duty schedule, etc. to verify the percentage of grant-related work per funding source
- 3) If the time and effort report reflects the same percentage, the report may be filed for audit purposes
- 4) If the time and effort report reflects a different percentage, the report shall be reconciled to reflect the correct payroll charges by grant funding source and forward the reconciliation to the Business department for adjustment of the payroll charges on the general ledger.

The Business department shall prepare a journal entry to reclassify the expenditures as noted on the reconciliation of the time and effort report(s). According to federal regulations, the final amount charged to each grant award must be accurate, allowable and properly allocated. The Business

department shall post all variances greater than 20% to the general ledger; otherwise, the variances shall be posted prior to the final expenditure report.

Time and Effort Substitute System

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

Each Grant Manager, Grant Administrator and/or Grant Department will make the election to use the district's Time and Effort form or the TEA Time and Effort Substitute System.

The Associate Superintendent of Special Programs will handle, if necessary, completing the Management Certification form and have the form signed by the Superintendent or designee and filed with TEA in accordance with the established deadlines. Extensive training of staff shall occur at the time the system is implemented to ensure that all grant-funded staff and the Grant Manager, Grant Administrator and/or Grant Department and Business departments are aware of the requirements of this system.

902.74 Non-Payroll Expenditures

Direct non-payroll expenditures include contracted services, supplies, travel and equipment. The expenditure of federal grant funds for non-payroll costs shall adhere to the district's purchasing policies and procedures. In addition to the normal purchasing process, all grant funds must be approved by the Grant Manager, Grant Administrator and/or Grant Department for each respective grant program, as appropriate.

The Grant Manager, Grant Administrator and/or Grant Department with approval authority for each federal grant is listed in the [Awarded Grant List](#).

TEA Guidelines Related to Specific Costs

The district shall adhere to TEA's Guidelines Related to Specific Costs as published on the TEA website. A copy of the guidelines shall be made available to all staff with authority to initiate and/or authorize a purchase or expenditure with federal grant funds. In addition, all staff with authority to initiate and/or authorize a purchase or expenditure, such as campus bookkeepers, campus and department administrators, business, and grants department staff should have access to a copy of the latest guidelines. The guidelines should be incorporated in the annual training for all of these staff members. These guidelines are posted on the District's website as a resource when expending federal grant funds.

Local Guidelines Related to Unallowable Costs

The district has developed local guidelines related to unallowable costs with federal grant funds. Although some of these costs may be allowable under the federal or state regulations, the district has determined that expenditures shall be unallowable with federal grant funds. Some of the unallowable costs are noted below.

Unallowable Costs

Meals (during a Working Lunch or Professional Development) that exceed \$10 per person

Educational field trips to an amusement park

Consultant fees in excess of \$3,000 per day

Incentives & Awards [Refer to BOPM]

Selected Items of Cost – Professional Services

902.75 Contracts and Professional Services with Grant Funds

All contracts and professional services agreements shall be reviewed and approved in accordance with the district guidelines for all non-grant funds. For example, if School Board Policy requires that all contracts that exceed \$50,000 be approved by the Board of Trustees, all federal grant contracts that exceed \$50,000 shall also be approved by the Board of Trustees. The district's [Contract Approval Flow Chart](#) shall be adhered to in procuring, evaluating, selecting and awarding contracts. The vendor shall complete the [Vendor Application](#) to include, at a minimum, the following documents:

- Vendor application
- W-9 Form for vendor identification and tax purposes
- Conflict of Interest Questionnaire
- Felony Conviction Notice
- Criminal Background (if working directly or indirectly with students)
- Certificate of Insurance (with the District as additional insured) if services will be rendered on district property

In addition, the Grant Manager, Grant Administrator and/or Grant Department shall review and can approve all consultant services agreements for compliance with federal regulations regarding professional service costs (2 CFR 200.459).

The Grant Manager, Grant Administrator and/or Grant Department review shall consist of the following:

- The contract and/or funds have been approved in the grant application, if specific approval is required from the granting agency
- The contract's nature and scope of service is directly related to the federal grant award activities
- The past pattern of costs, particularly in the years prior to federal awards

- The contract does not contain any costs associated with the preparation of the proposal [not allowable under federal regulations]
- The contract and/or consultant agreement meets the allowable costs principles.

The Purchasing department's review shall consist of the following:

- Verification that the Consultant and/or contractor has not been suspended or debarred
- The contract does not contain any costs associated with the preparation of the proposal [not allowable under federal regulations]
- Whether the proposed contracted services can be performed more economically by direct employment rather than contracting
- Capability of the proposed vendor to perform the required services
- The qualifications of the contracting firm or individual and the customary fees charged by the proposed vendor [A Resume, Vita or Statement of Qualifications shall be required for all contracts with Independent Contractors.]
- A contract subject to Davis Bacon has the appropriate contract language
- The contract and/or consultant agreement fee for services do not exceed any federal grant or local limits

The Director of Purchasing and /or District Attorney shall review and approve all contracts. The review shall follow the district's [Contract Approval Flow Chart](#) and any other requirements specific to the contract and/or federal grants.

The final approval authority for all contracts shall be the Superintendent, Chief Financial Officer, General Counsel, Director of Purchasing or designee, unless the contract is over \$50,000, then the final approval authority shall be the Board of Trustees through approval at a regularly scheduled board meeting.

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

The district will execute a Letter of Intent with a third party prior to the issuance of a Notice of Grant Award (NOGA), as deemed appropriate.

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

- The contract is only effective upon receipt by the district of the NOGA from the awarding agency.
- The contract period is aligned to the grant period of availability as stated on the NOGA from the awarding agency (period of availability).
- All services will be completed during the effective dates of the contract.
- All services will be invoiced monthly after services are received (rather than paid lump sum at the beginning of the period of availability before services are rendered) and paid upon verification of receipt of services.
- The regulations for procurement in 2 CFR §§200.318-323 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.

Additional district contract provisions shall include:

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

902.76 Approval of Grant Purchases and Expenditures

The district shall adhere to the normal approval path for purchase orders with non-grant funds.

In addition, all purchase orders with grant funds shall be reviewed and approved by the appropriate Grant Manager, Grant Administrator and/or Grant Department.

The Grant Manager, Grant Administrator and/or Grant Department review shall consist of the following:

- 1) The expenditure is *allowable, allocable, reasonable and necessary* (as defined in federal grant guidelines). (NOTE: A test of whether an expense is necessary may include the verification that the expenditure is to perform a strategy or activity in the District or Campus Improvement Plans.)
- 2) The expenditure is not required by state law or local policy.
- 3) The expenditure has been approved in the grant application, if specific approval is required from the granting agency
- 4) The expenditure meets the allowable costs principles.
- 5) The expenditure is allowable and approved in the grant application and is consistent with the grant purpose
- 6) The expenditure is supplemental and not supplanting a local expenditure (NOTE: Refer to compliance issues related to supplement and supplant for additional guidance)
- 7) The expenditure has been competitively procured as required by law, as appropriate.
- 8) The expenditure has been approved by the governing body, as appropriate [Note. School Board Policy CH Local has established the threshold of contract approval by the School Board at \$50,000

In an effort to meet all obligation and liquidation requirements of grant funds, the following purchase order deadlines shall be adhered to by all purchase order originators.

Grant Deadlines

In addition to the normal approval path of district expenditures, all grant expenditures shall be approved by the Grant Manager, Grant Administrator and/or Grant Department under the following circumstances:

- 1) Invoice amount exceeds the purchase order
- 2) Payment of an invoice will be paid by an account code(s) other than the original account code(s) that were used to encumber the purchase order
- 3) Travel expenditures, if not encumbered through the purchase order system
- 4) Non-purchase order payment such as petty cash, credit card, direct invoice, reimbursement, etc.
- 5) Reclassification of a prior expenditure from one account code(s) to another

All Business department staff (accounts payable staff) shall adhere to the Accounts Payable Procedures for all check disbursements. Specifically, all checks issued by the district shall be verified, recorded, approved, issued and reconciled by multiple individuals to ensure segregation of duties through the Accounts Payable Procedures.

Travel Credit Card Purchases with Grant Funds

The district shall use district-issued travel credit cards to pay for travel expenses with federal grant funds.

An original, detailed receipt shall be required for all credit card purchases with federal funds. If the purchaser does not submit an original, detailed receipt for audit purposes, the expenditure and/or reimbursement may not be charged to a federal fund.

The Site Manager, Grant Manager and Grant Administrator shall review and approve all credit card expenditures.

The Site Manager, Grant Manager and Grant Administrator administrative review shall consist of the following:

- 1) Original, detailed receipt includes an itemized list of what was purchased
- 2) The purchaser has documented a valid reason for the purchase which is consistent with the grant guidelines
- 3) The credit card purchase meets the allowable costs principles.

Fraudulent credit cards purchases made with federal grant funds shall be grounds for disciplinary action, up to and including termination of employment. The appropriate legal authorities shall also be notified for criminal prosecution, as appropriate. Accidental use of a credit card to make an unauthorized purchase with federal grant funds may be subject to similar disciplinary action but shall require immediate restitution to the district.

Petty Cash and Petty Cash Checking Purchases with Grant Funds

The district shall use a petty cash account to make purchases with federal grant funds.

An original, detailed receipt shall be required for all petty cash purchases with federal funds. If the purchaser does not submit an original, detailed receipt for audit purposes, the expenditure and/or reimbursement may not be charged to a federal fund.

The Grant Manager, Grant Administrator and/or Grant Department shall review and approve all petty cash expenditures.

The grant administrative review shall consist of the following:

- 1) Original, detailed receipt includes an itemized list of what was purchased

- 2) The purchaser has documented a valid reason for the purchase which is consistent with the grant guidelines
- 3) The petty cash purchase meets the allowable costs principles.

902.77 Travel Expenditures with Grant Funds (Students & Staff)

The district may use federal grant funds for travel costs. All travel-related expenditures from grant funds shall comply with the allowable federal cost principles, the State of Texas-Travel Guidelines, School Board Policy and the district's travel guidelines. The allowable rates of reimbursement shall be the lesser of the federal rates or local rates.

The travel-related expenditures with grant funds shall fall within the grant period, unless a specific exception is allowable by the granting agency.

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

- A completed Travel Reimbursement form – Federal Funds for all travel
- Registration fees – registration fees shall be allowable if the event is related to grant activities. Registration fees may be paid from the current grant period for an event during the next grant period **only if** there is an absolute deadline to register for the event. Early registration deadlines shall not apply. Recreational or social events subject to an additional fee, above and beyond the registration fee, shall not be allowed with grant funds.
- Meals – meal expenses for overnight travel (in accordance with local travel guidelines) shall be allowed for district employees and students. Non-overnight travel meals expenses shall not be allowed. The district shall reimburse meal expenses, subject to the GSA or district limits, whichever is lower. The traveler shall submit a Travel Reimbursement form – Federal Funds with the actual meal costs for work-related meals, which require actual receipts. The meal per diems shall be adjusted in accordance with IRS regulations regarding the day of departure/return and meals provided without cost as part of the registration fee.
- Lodging – lodging expenses for overnight travel (in accordance with local travel guidelines) shall be allowed. The district shall pay for lodging expenses up to the GSA or district limits, whichever is lower. Receipts shall be required for all lodging expenses. Recreational or personal services such as gyms, spas, etc. shall not be allowed with grant funds.
- Transportation – transportation expenses shall be allowed for *reasonable* expenses such as flight, rental car, taxi, shuttle, mileage reimbursement, etc. (in accordance with local travel guidelines). Receipts shall be required for all transportation expenses to the extent that a receipt is available. Transportation expenses shall be reasonable and limited to the guidance in the cost principles.
- Local travel guidelines: [Travel Policy](#)

No grant funds shall be used for travel expenditures of non-district staff such as spouses. The district shall not allow any “family-friendly” travel expenditures, such as dependent care travel costs, with federal grant funds.

The Site Manager, Grant Manager, Grant Administrator and/or Grant Department shall review and approve all travel-related expenditures paid with federal grant funds.

The Site Manager, Grant Manager, Grant Administrator and/or Grant Department review shall consist of the following:

1. All original, detailed receipts include an itemized list of what was purchased
2. The traveler has documented a valid reason for the travel which is consistent with the grant guidelines and purpose
3. The travel expenditures meet the allowable cost time
4. The travel is not for the Superintendent or other individual (non-employee such as family member, School Board, etc.)
5. The travel is for students during an educational field trip or other approved activity in accordance with grant guidelines and purpose, (ensure TEA Justification Form is attached)
6. The travel is not for a contractor or consultant for the *their* professional development
7. The travel was approved by the granting agency, as appropriate (for example: out-of-the-country travel); TEA Justification Form for out-of-state travel as required)

902.78 Preparing Expenditure Reports & Draw Down of Funds

902.41 Draw-down of Grant Funds

The district shall on a monthly basis, or as allowed or required by the grant guidelines, draw-down grant funds that have been spent in accordance with the grant guidelines. The draw-down shall be for all expenditures to date, less grant funds received to date, as verified by a financial general ledger. NOTE: The expenditures shall be net of all refunds, rebates, discounts, credits, and other adjustments, if any. The district has opted to operate under a cash reimbursement program guidelines, the district shall submit a draw-down of federal grant funds only when the following has occurred:

- The expenditure has been made as evidenced by distribution of a paycheck to a grant funded staff member or mailing, e-paying, or delivering a payment to a vendor.

At no time shall the district draw-down any “advanced” cash payments, unless specifically allowed by the granting agency.

The draw-down of grant funds from the granting agency shall be initiated by the Business department, and approved by the Grant Manager, Grant Administrator and/or Grant Department. A detailed summary general ledger of each grant fund should be generated to determine if the district is entitled to draw-down funds, i.e., if the granting agency owes the district any funds. If the district has funds

available for draw-down, a detailed general ledger should be generated and forwarded to the Grant Manager, Grant Administrator and/or Grant Department for their review and approval.

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

The Grant Manager, Grant Administrator and/or Grant Department review shall consist of the following:

- 1) A review of the detailed general ledger for any unusual charges or reclassification of expenditures
- 2) A test sampling of either unusual or large expenditures to ensure that the expenditures were reviewed and approved by all designated staff
- 3) Monitor the percentage of expenditures-to-date to ensure that the grant funds are expended on a timely basis throughout the grant period. [NOTE: TEA may disallow grant fund expenditures that appear to be made outside of the grant period or so late in the grant period that the district and its student did not benefit from the delayed expenditure.]
- 4) Review payroll records and reports
- 5) Authorize [in writing] the Business department to draw-down the available grant funds

Upon approval from the Grant Manager, Grant Administrator and/or Grant Department, the Accounting staff responsible shall complete the paper or electronic draw-down request. The Accounting staff responsible will keep the original document along with other supporting documentation and file in the grant notebook for audit purposes. A copy of the draw down and the journal entry needed is given to the Executive Director of Business Services, who will prepare the journal entry once funds are deposited and then a Staff Accountant shall upload the journal entry then review and post to the finance system.

If manual approval of an electronic draw-down is required by the granting agency, the Business department shall comply with the manual requirements. For example, TEA at times requests supportive information related to a drawn down such as a detailed general ledger, narrative justification, or summary of expenditures by object code. Upon a request from the TEA, the Accounting staff responsible shall get with the Grant Manager, Grant Administrator and/or Grant Department. The Accounting staff responsible will ensure that a response to the request is done within the allotted time to avoid designation as a “high risk” grantee.

The Accounting staff responsible and Grant Manager, Grant Administrator and/or Grant Department shall be responsible to ensure that the requested draw down amount does not exceed a grant-specific draw down amount, or percentage. [NOTE: The NCLB draw down percentage is 20% per month and aggregates each month.]

The final draw-down of grant funds from the granting agency shall be made within the allowable timeframe. The grant liquidation guidelines shall be adhered to in making final payment for all goods

and services received and *placed into service* before the end of the grant period. The draw down process shall be the same as a monthly or periodic draw down, except that all refunds, rebates, credits, discounts or other adjustments to the general ledger must be recorded in the general ledger prior to submitting the final draw down request. [NOTE: There shall be no outstanding purchase orders or pending liquidations at the time of the final draw down of grant funds.] The final draw-down shall be reviewed and approved in the same manner as a periodic draw-down.

Federal regulations (CFR 200.415) requires that the district certify the accuracy of the annual and fiscal reports or vouchers requesting payments be signed by the authorized individual(s). The Grant Manager, Grant Administrator and/or Grant Department and Business department shall jointly certify every draw-down of funds, including the final expenditure report (draw-down of funds) as noted below:

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

If a final draw down deadline is missed, the Accounting staff responsible and/or Grant Manager, Grant Administrator and/or Grant Department, shall contact the granting agency to determine if a process exists to request a filing deadline extension. [NOTE: TEA has developed procedures to request an extension for filing expenditure reports. The request form must be completed, signed by the Superintendent and filed with TEA within 30 days of the final expenditure report deadline.]

The same process for preparation and posting of the general ledger entry as a periodic draw-down shall be adhered to. [NOTE: The revenues realized, and the expenditures should be equal at the time of the final draw down of grant funds.]

Receipt of Grant Funds

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

The receipt of grant funds shall be posted to the general ledger to the appropriate revenue account code. In the event that the grant funds received do not match the amount anticipated, the Executive Director of Business Services will contact the accounting staff responsible, and they shall contact the granting agency to determine the discrepancy. If the granting agency has reduced and/or increased the

grant funds paid to the district, a general ledger adjustment shall be posted to the appropriate revenue and receivable accounts. If required, the accounting staff responsible shall prepare the adjusting journal ledger entry and another Staff Accountant shall review and post the entry to the finance general ledger.

The district will not maintain grant funds in a separate bank account. The district has elected to draw down federal grant funds under the cash reimbursement program guidelines, i.e., after the delivery of the payment to the payee. No interest shall be earned, recorded, nor returned to the granting agency as a result of the cash reimbursement program.

Tracking and Recording Receivables

On at least a monthly basis, the Accounting staff responsible, shall review all pending revenues. If revenue is not received the Accounting staff responsible shall investigate and resolve by contacting the granting agency.

At the end of the fiscal year, all known and measurable receivables shall be recorded to the general ledger to the appropriate grant code. The Accounting staff responsible shall prepare the journal ledger entry and another Staff Accountant shall review and post the entry to the finance general ledger.

Refunds Due to TEA

If the final expenditure report indicates that a refund is due to TEA, within 30 days of notification that a refund is due, the District will submit a refund check to the following address:

Texas Education Agency—MSC
P.O. Box 13717
Austin TX 78711-3717

The District will write the name of the grant program and the NOGA ID number on the refund check and note the reason for the refund (e.g., due to an internal audit or an annual audit).

Failure to comply with the requirements for submitting a refund within 30 days will result in an enforcement action by TEA to withhold future payments. 2 CFR § 200.338

Interest Earned on Advances

The District will calculate interest earned on cash advances upon *receipt* of advance payments and will remit interest as specified below. Any interest earned on those funds while on deposit in the District's bank account after receipt and before disbursement will be included in the interest-earned calculation. Total federal grant cash balances will be calculated on cash balances per grant and applying the District's actual interest rate.

Annually, within 30 days after the end of each fiscal year, the District will remit interest earned on U.S. Department of Education grants to the Department of Health and Human Services Payment Management

System (PMS) as specified below. As permitted in the regulations, the District will retain up to \$500 per year for administrative expense.

Remitting Interest

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

For ACH Returns:

Routing Number: 051036706

Account number: 303000

Bank Name and Location: Credit Gateway—ACH Receiver St. Paul, MN

For Fedwire Returns*:

Routing Number: 021030004

Account number: 75010501

Bank Name and Location: Federal Reserve Bank Treas NYC/Funds Transfer Division, New York, NY

* Please note organization initiating payment is likely to incur a charge from your Financial Institution for this type of payment.

For recipients that do not have electronic remittance capability, please make check payable to:**

The Department of Health and Human Services

Mail Check to Treasury approved lockbox:

HHS Program Support Center, P.O. Box 530231, Atlanta, GA 30353-0231

(** Please allow 4-6 weeks for processing of a payment by check to be applied to the appropriate PMS account)

Any additional information/instructions may be found on the PMS Web site at

<http://www.dpm.psc.gov/>.

Grants from Other Awarding Agencies

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

902.8 Grant Compliance Areas

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

902.81 Supplement, Not Supplant

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

Although the definition may change from statute to statute, supplement not supplant provisions basically require that grantees use state or local funds for all services required by state law, State Board of Education (SBOE) rule, or local policy and prohibit those funds from being diverted for other purposes when federal funds are available. Federal funds must supplement—add to, enhance, expand, increase, extend—the programs and services offered with state and local funds. Federal funds are not permitted to be used to supplant—take the place of, replace—the state and local funds used to offer those programs and services. [TEA Supplement, Not Supplant Handbook, 2013]

The district process to ensure that all grant funded activities are supplemental shall be a collaborative effort between the Grant Manager, Grant Administrator and/or Grant Department and/or Grants department. The Grant Manager, Grant Administrator and/or Grant Department shall receive training and be aware of the supplement not supplant provisions.

The Grant Manager, Grant Administrator and/or Grant Department shall review and approve all purchase orders (and non-purchase order payments). The Grant Manager, Grant Administrator and/or Grant Department review shall include a determination if the planned purchase and/or expenditure meet one of the following guidelines:

- 1) The grant funds will be used to enhance, expand, or extend required activities. Examples may include before/after tutoring, additional research-based instructional programs, or other supplemental expenditures not required by state law or local policy.
- 2) The grant funds will be used for specific grant activities included in the grant application that are above and beyond the activities funded with local funds
- 3) The grant funds will be used to supplemental grant activities as noted on the DIP or a CIP.

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

902.82 Comparability

Comparability of services is a fiscal accountability requirement that applies to local educational agencies (LEAs) that receive funds under Title I, Part A of the Elementary and Secondary Education Act of 1965 (ESEA), as reauthorized by the No Child Left Behind Act of 2001 (NCLB). The intent of the comparability of services requirement is to ensure that an LEA does not discriminate (either intentionally or unintentionally) against its Title I schools when distributing resources funded from state and local sources simply because these schools receive federal funds. [TEA Title I, Part Comparability of Services Guidance Handbook, 2013]

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

In completing the CAD and CCF, the Associate Superintendent of Finance shall follow the process outlined below:

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

If TEA determines that the district is non-compliant, the Associate Superintendent of Finance and Grant Manager, Grant Administrator and/or Grant Department shall work collaboratively to address the non-compliance. In addition, the district shall adjust the budgets as appropriate until the district is in compliance with the comparability requirement.

902.83 Indirect Cost

Grantees must have a current, approved federal indirect cost rate to charge indirect costs to the grant. The indirect cost rate is calculated using costs specified in the grantee's indirect cost plan. Those

specified costs may not be charged as direct costs to the grant under any circumstances. [[TEA Indirect Cost](#)]

The district has applied for an Indirect Cost Rate extension through the pass-through entity (TEA) for a four-year period, from July 1, 2015 to June 30, 2018. After the extension period, the district shall apply for an indirect cost rate through the federal granting agency or pass-through entity (TEA) in accordance with the current regulations. The Lead Staff Accountant shall complete and submit an Indirect Cost Rate Proposal by the established deadline as specified by the pass-through entity (TEA) on the Indirect Cost webpage at: <http://tea.texas.gov/index4.aspx?id=3842>

The district's Indirect Cost Rate, or the maximum allowable rate, whichever is less shall be used to post Indirect Costs for federal funds to the General Fund. Upon approval from the Grant Manager, Grant Administrator and/or Grant Department, the Accounting staff responsible shall complete the paper or electronic draw-down request. The Accounting staff responsible will keep the original document along with other supporting documentation and file in the grant notebook for audit purposes. A copy of the draw down and the journal entry needed is given to the Executive Director of Business Services, who will prepare the journal entry once funds are deposited and then a Staff Accountant shall upload the journal entry then review and post to the finance system. This journal entry will include the entry to record indirect costs.

902.84 Maintenance of Effort

The district shall comply with the No Child Left Behind (NCLB) and Individuals with Disabilities Act (IDEA) maintenance of effort requirements.

NCLB MOE

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

The Business department shall compute the MOE using the TEA [NCLB LEA MOE Determination Calculation Tool](#) during the budget adopted process and at the end of the fiscal year. Non-compliance with NCLB MOE will result in a reduction of NCLB funds in the exact proportion by which the district fails to meet the MOE requirement; therefore, the Business department shall plan for the reduction of grant funds at the local level. If the NCLB MOE falls below the required level, the Business department and

Grant Manager, Grant Administrator and/or Grant Department shall collaborate to develop a plan to bring the district into compliance with the MOE requirements.

IDEA-B MOE

An LEA that accepts IDEA-B funds is required under IDEA-B to expend, for services to students with disabilities, at least an amount equal to 100% of the state and/or local funds it expended on students with disabilities during the previous year. Federal law provides four methods of demonstrating compliance (or “maintaining effort”), as described in the Methods of Determining Compliance section. [TEA IDEA-B MOE Guidance Handbook, 2014]

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

NOTE: The Business department shall code all special education expenditures that qualify as exceptions to a specific sub-object for tracking purposes. For example, if the district makes a long-term purchase of equipment for a special education student, the district should track that expense separately to apply that cost as an exception during the MOE calculation.

As part of the IDEA-B grant application process, the Grant Manager, Grant Administrator and/or Grant Department will need to know the prior year Special Education expenditures and the next fiscal year budgeted Special Education Expenditures. The Associate Superintendent of Finance shall provide these amounts to the Grant Manager, Grant Administrator and/or Grant Department as requested to ensure that the most accurate amounts are reflected in the grant application. Changes to these amounts, as they are known, by the Associate Superintendent of Finance shall be submitted to the Grant Manager, Grant Administrator and/or Grant Department, as appropriate.

902.85 Reporting Requirements

The district shall ensure that all reporting requirements for grant programs are met within the established timelines. A master list of all activity, progress, evaluation, and expenditure reports shall be created to include the grant program, report due, responsible person(s), and due date. Completion of the reports may require the collaboration of several departments; however, the ultimate responsibility for the reporting requirement shall be as noted below:

- 1) Programmatic reports such as activity, progress and evaluations – Grant Manager, Grant Administrator and/or Grant Department, Grant Compliance Coordinator

- 2) Expenditure reports such as interim, draw down and final expenditure reports – Business department, Grant Manager, Grant Administrator and/or Grant Department
- 3) Compliance reports such as Comparability, Maintenance of Effort, Indirect Cost, etc. – Business department, Grant Manager, Grant Administrator and/or Grant Department
- 4) Highly Qualified Staff reports – Human Resources department, Grant Manager, Grant Administrator and/or Grant Department

The Grant Manager, Grant Administrator and/or Grant Department shall monitor the overall master list to ensure that all reporting requirements have been completed by the appropriate campus and/or department.

Reporting Deadlines

902.86 Grant Monitoring and Accountability

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

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

The Grant Manager, Grant Administrator and/or Grant Department for each federal grant shall be responsible for the programmatic and evaluation compliance and the Grant Manager, Grant Administrator and/or Grant Department along with the Business department shall be responsible for the financial compliance. A list of the Site Manager, Grant Manager and Grant Administrators by federal grant is on the [Awarded Grant List](#). The use of “Site Manager, Grant Manager and Grant Administrator” throughout this document shall refer to the specific Site Manager, Grant Manager and Grant Administrator by federal grant as listed on the [Awarded Grant List](#).

The Grant Manager, Grant Administrator and/or Grant Department shall monitor the timing of grant activities throughout the grant period, especially as they relate to the desired outcomes. The Grant Manager, Grant Administrator and/or Grant Department along with the Business department shall monitor the timing of grant expenditures, especially as they relate to the period of availability of grant funds. If either the grant activities or grant expenditures reflect that the district will not accomplish the grant activities during the grant period, the Grant Manager, Grant Administrator and/or Grant Department and Grants Compliance Coordinator shall work collaboratively to develop an action plan to

ensure that the federal grant goals are met. The oversight of grant activities and expenditures shall include, but not be limited to, the following:

- Cost overruns or high unit costs
- Construction projects – certification of project completeness (as evidenced by the AIA)
- Significant developments that may result in an inability to complete the grant activities

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

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

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

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

Remedies for Non-Compliance

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

Grant Closeout Procedures

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

- Ensure that no obligations are made after the grant period end date
- Liquidate all obligations incurred during the grant period
- Submit the final grant program performance report, if any
- Submit the final grant expenditure report, if any
- Drawdown all the expended grant funds (reimbursement request) – Match the grant expenditure drawdowns with recorded documentation

- Certify that the final drawdown of federal grant funds are accurate (Certification)
- Refund any excess grant funds, interest, or other payables to the granting agency or pass-through agency
- Account for any real and/or personal property on hand at the end of the grant period

902.9 Grant Awards

List of Grant Awards (including Site Manager, Grant Manager, and Grant Administrator, grant funding source, grant period, and grant amount]

[Awarded Grant List.](#)

[TEA Grant Opportunities:](#) [The following resources are available online for each grant program]

[General and Fiscal Guidelines](#)

Program Guidelines

Program-Specific Provisions and Assurances

Finance EOM Checklist

- On the first working day of the month, close the PO, IC and PR systems for the previous month.
- The AP system will be closed after the first check writing of the new month, on or before the third working day of the month for the previous month.
- On the third working day of the month, close the CB, AC and GL systems for the previous month.
- Reconcile grants and prepare draw down for Grant Manager and Grant Administrator approval. Once approved the draw down will be certified.
- Reconcile bank statements.
- Reconcile fixed assets and inventory.

Code Table ID	Name	Date Issued	Date Updated
C030	POPULATION-SERVED-CODE	4/2/87	07/02/07
Code	Translation		
01	Regular Students Those students served through the regular academic program and students who do not constitute a special population		
02	Bilingual Students Those students served in Bilingual programs		
03	Compensatory/Remedial Education Students Those students served in compensatory or remedial education programs		
04	Gifted and Talented Students Those students served in programs for identified gifted and talented students		
05	Career and Technical Students Those students served in an approved state career and technical education course		
06	Special Education Students Those students served in special education programs as determined by the admission, review, and dismissal committee		
07	ESL Students Those students served in English as a Second Language programs		
08	Adult Basic Education Students Those students served in the Adult Basic Education program		
09	Honors Students Those students served in Honors classes		
10	Migrant Students Those students served in migrant programs		