



# **State and Federal Grants Manual**

**July 2024**



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## **General Information**

The district has established fiscal procedures that apply to all financial transactions regardless of the funding source. **Procedures that relate directly and/or indirectly to federal and state grant compliance are indicated with a (†)**. A separate section in this State and Federal Grants Manual will include specific procedures related to acquiring, expending, and managing grant funds.

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

All employees of the district who deal with grant funds in any capacity are expected to review this manual to gain familiarity and understanding of the district's rules and practices and to comply with all requirements.

## **Business Services Department Mission**

**The Mission of the Frisco Independent School District Business Services Department is to provide resources and support to all departments and programs of the district to ensure the accomplishment of the district's mission of knowing every student by name and need.**

**The Business Services Department's primary goal is to protect the assets of the district and to ensure that all financial transactions are performed in accordance with generally accepted accounting principles (GAAP).**



## Business Services Department Staff

The Business Services Department staff shall perform multiple roles; however, adequate controls of separation of duties shall be maintained at all times. The staff consists of:

| Name              | Title                                      | Email                    | Phone        |
|-------------------|--|--------------------------|--------------|
| Todd Fouche       | Deputy Superintendent                      | fouchet@friscoisd.org    | 469-633-6032 |
| Kimberly Smith    | Chief Financial and Strategy Officer       | smithkimbe@friscoisd.org | 469-633-6333 |
| Melanie Schroeder | Managing Director of Grants and Compliance | schroederm@friscoisd.org | 469-633-6337 |
| Robin Turnbull    | Director of Accounting                     | turnbullr@friscoisd.org  | 469-633-6358 |
| Tim Sanz          | Managing Director of Risk Management       | sanz@friscoisd.org       | 469-633-6340 |
| Reisha Hall       | Director of Finance                        | hallr@friscoisd.org      | 469-633-6348 |
| Susan Patterson   | Director of Purchasing                     | pattersons@friscoisd.org | 469-633-6381 |
| Laura Patton      | Director of Payroll                        | pattonl@friscoisd.org    | 469-633-6364 |

All Business Services Department staff is expected to comply with the:

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

Each staff member shall have an up-to-date job description on file in the Human Resources Department. In addition, each staff member should receive a job description related evaluation instrument during the annual evaluation process. Changes to job descriptions should be made when substantial changes occur in job duties or responsibilities.

### **Organizational Chart**

See Exhibit #2

### **General Ledger Maintenance**

General ledger entries shall be made on an on-going basis as needed. End-of-the-month and end-of-the-year entries shall be made on a timely basis. End-of-the-year entries shall be made prior to the external audit firm's arrival for audit field work.

The Director of Accounting shall be responsible for monitoring the general ledger maintenance on a monthly basis. The general ledger shall be reviewed for accuracy in areas such as, but not limited to the following:

- Cash and investment balances equal the respective bank or investment monthly statements
- Aged purchase orders, receivables and payables
- Verify that fund accounts are in balance
- Verify that bank account reconciling items are posted to the general ledger
- Revenues and Expenses

### **Journal Entries**

All general ledger entries shall be in balance (debits shall equal credits). The Enterprise Resource Planning (ERP) will be used to document all journal entries. All journal entries shall be numbered for tracking purposes. An automated numbering system shall be utilized by the district. Accountants shall be authorized to create journal entries and the Director of Accounting or designee shall be authorized to post journal entries to the general ledger. No accountant will be able to create and post their own journal entries.

All payroll general journals shall be interfaced to the finance system by the Payroll Department. The Accounting Department posts the interface to the general ledger and then reconciles the journal entry to the cash disbursement (Employee Direct Deposit) recorded on the payroll bank statement. The 1<sup>st</sup> and

the 15<sup>th</sup> payroll general journals must be posted to the finance general ledger no later than the actual pay date. The respective payroll fringe benefits must be posted to the finance general ledger no later than the last day of the month. Special payroll general journals must be posted to the financial general ledger no later than 3 days after the 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.

All reports will be made available for audit purposes including, but not limited to, the following:

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

The Director of Accounting shall review a Summary General Ledger on a monthly basis to ensure the accuracy of fund accounting.

### **Data Entry and Validation**

All data entry shall be from the appropriate source document(s). All data entry shall be validated (verified) with the source documents. A system of checks and balances shall be in place to ensure that all postings to the general ledger result in the desired outcome. For example, a cash receipt journal shall be validated to ensure that the total amount of the deposit matches the posted cash receipt journal.

Ongoing, daily data entry validation greatly increases the accuracy of the fund accounting and facilitates reconciliation of the monthly bank statements with the general ledger.

### **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 number** – the number assigned should be automatically assigned in a sequential order. A log of the journal numbers utilized each fiscal year should be available in an automated form with the accounting system. Automated, system-generated general ledger entries are not used by the district.
- **The credit and debit amounts**– the total debits must match the total credits. The accounting software in place does not allow out of balance journal entries to be posted.
- **Reason for the general ledger transaction** – the reason should explain the reason for the transaction such as cash receipt number, adjustment to budget/expense, etc.
- **Supporting document** – supporting documentation, if any, shall be attached to the journal entry, within the accounting software, for audit tracking purposes.

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

- **Check date** – the system-generated general ledger transaction should reflect the check date as the date posted.
- **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. The ERP will not let a journal entry post without an existing account code. During the payroll process, the Payroll Department must verify that all payroll accounts exist on the general ledger. If accounts do not exist on the general ledger, the accounts should be verified for accuracy and if accurate, the list of account codes must be submitted to the Accounting Department to ensure that the appropriate accounts are created in the ERP.

### **End of Month Process**

Within 20 days after the end of the month (EOM), all end-of-month reports should be printed and verified and the end-of-month process completed. The Accounting Department utilizes a month ending process checklist to ensure that all critical steps are followed during the EOM Process.

### **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 shall 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 June 30<sup>th</sup>, as reflected on the respective monthly statement.
- **Reconcile all revenue accounts with amounts received and/or earned as of June 30<sup>th</sup>** – 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 from TEA 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) 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 June 30<sup>th</sup>, 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 (vendors especially), as of June 30<sup>th</sup>, shall be posted to the general ledger. The amounts due for all goods and/or services received as of June 30<sup>th</sup> are classified as accounts payable and paid during the next fiscal year. The district has established a July 31<sup>st</sup> cut-off for prior year accounts payables, unless the accounts payable expense is known prior to the end of the audit field work and is considered material to the financial statements.

- **Reconcile all accrued wages and benefits as of June 30<sup>th</sup>** – All accrued wages and benefits shall be posted to the general ledger, especially for all wages earned in June but scheduled to be paid in the next fiscal year (after July 1<sup>st</sup>).
- **Reconcile all prepaid expenses as of June 30<sup>th</sup>** – All prepaid expenses shall be posted to the general ledger to object code 1410. 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.
- **Reconcile the fixed assets ledger with all fixed asset additions, deletions, or changes** – All assets (as defined in the Financial Accountability System Resource Guide, “FASRG”) acquired during the fiscal year shall be added to the fixed asset ledger. All assets disposed of (sold or lost) shall be removed from the fixed asset ledger. Changes, if any, to the location, value, or category of assets shall be posted to the fixed asset ledger.
- **Reconcile the fund balance as of June 30<sup>th</sup>** – 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 (object code 3700) shall be posted to the appropriate fund balance account (typically object code 3600). Changes to the budgeted and committed fund balances should be supported by minutes of Board approval.

### **Segregation of Duties (†)**

At a minimum, the Business Services Department staff shall 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** post 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.

### **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. **Note: The Destruction Schedule 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 three years** from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. **[2 CFR 200.334]**

The district shall maintain grant-related records in a combination of paper and electronic formats. The following records shall be maintained in format(s) specified below:

- Grant applications and grant award notifications (Paper and PDF files)
- Grant revenues and expenditures (ERP System)
- Grant purchasing records (ERP System, paper, PDF and Excel files)
- Grant expenditure draw-downs (reimbursements) – Paper, PDF, and Excel files

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.**[2 CFR 200.336]**

Microsoft products such as Word, Excel, Access, etc.

- Management systems should include, but not be limited to, the following:
  - o E-finance, Laserfiche, Fixed Asset Solutions, etc.

The Records Custodian for the financial records of the district is the Director of Accounting. All questions related to the retention, destruction, and/or addition of new record series shall be directed to the district's Records Management Officer (RMO).

### **Data System Security & Access to Records (†)**

Business Services Department staff handles and/or processes a substantial amount of confidential information. All staff is 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. **[2 CFR 200.336]**

All Business Services Department staff shall 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.**[2 CFR 200.337]** 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 HIPAA.

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. **[2 CFR 200.335]**

The Business Services 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 shall 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) shall a computer system be logged on to a financial data system while unattended by the respective staff member. All computer systems shall revert to a screen lock after a period of inactivity (i.e. 5 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 shall be responsible for securing their assigned (selected) password. At no time shall passwords be shared with others or posted in visible locations within the staff member’s work space. Violators of this restriction shall be subject to disciplinary action, including but not limited to employment termination.

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

### **Revoking Access (†)**

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

### **Business Services Department Staff Training (†)**

Every staff member in the Business Services Department will be scheduled to attend at least 12 hours of training and/or conference opportunity per year.

Acceptable training may include, but is not limited to, topics in the following areas:

- Account coding
- Payroll and Human Resources Compliance Issues

- PEIMS Data Reporting and Quality
- GASB
- Audit requirements
- Legal changes, such as Purchasing
- State and Federal Grants Management
- Data system (software)
- Travel Guidelines
- Other job-related area(s) requested by a staff member
- Other job-related area(s) assigned by the Chief Financial Officer as a growth opportunity

Business Services Department staff members that have attained TASBO certification status will be afforded an opportunity to attend at least 20 hours per year or a total of 60 hours every 3 years through TASBO or a TASBO-approved CEU provider. Training opportunities for other certification or licensing programs, such as a CPA, may 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 their 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.

To support compliance of fiscal policies and procedures, the Business Services Department shall conduct training for campus and department administrative and support staff, as appropriate (at least on an annual basis). The Managing Director of Grants and Compliance shall be responsible for developing the training calendar. Critical training areas shall include, but not be limited to:

- **Activity Account Management**
- **Budget Development Process**
- **Cash Management**
- **State and Federal Grants Management**
- **Procurement Standards**

### **State and Federal Grant Management (†)**

The Department of Grant Compliance and Administration at Texas Education Agency (TEA) is responsible for managing all discretionary and formula grants, ensuring the agency's compliance with the fiscal

requirements of federal grants, and conducting monitoring and grant reviews of federal grant subrecipients. The functions of each of its divisions are described in more detail below.

- **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.  
Administers the following ESSA programs and ensures compliance with the following statutory requirements:
- **Federal Fiscal Monitoring Division**  
Monitors the expenditures of federal grant subrecipients to ensure federal funds are used for authorized purposes in compliance with federal statutes, regulations, and terms and conditions of the federal awards.

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

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

### **Federal Regulations for Federal Grant Awards**

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

Title 34 of the Code of Federal Regulations (34 CFR), known as the [Education Department General Administrative Regulations \(EDGAR\)](#), pertains to TEA grants. For a complete description of the federal regulations that apply to federal education grant awards, visit [USDE's EDGAR website](#). Refer to the

[EDGAR Materials and Resources](#) page of the TEA website for details on new federal regulations, including their effective/applicability date, purpose, a list of the OMB circulars they replace, and links to related TEA grantee guidance. For state-administered federal grants, TEA shall notify the district on the Notice of Grant Award (NOGA) of the applicable administrative regulations.

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

Overview of the Education Department General Administrative Regulations (EDGAR). The EDGAR, as amended on December 26, 2014, includes five (5) 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 Elementary & Secondary Education Act (ESEA) and may apply to other US Department of Education grants. Note: The Title VIII (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:

<https://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>

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**.

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 shall be a collaborative process between Business (Accounting, Budgeting, Compliance, Purchasing, Payroll, etc.), Human Resources and Grant Management Departments. Each respective department shall be responsible for their duties and responsibilities as they relate to the management of state and/or federal grants. The duties of each department are listed below in general terms. Additionally, specific duties and responsibilities may be listed within an area of compliance within this manual.

### **Business Services Department**

- Assisting the Program Budget Manager with budgeting grants funds. Preparing and posting the initial budget and all amendments to the general ledger.
- Assisting the Human Resources Department with determining the payroll distribution code(s) for all grant-funded staff.
- Preparing all grant-related financial reports (monthly, quarterly and/or annual).
- Preparing all financial records for the annual financial audit and single audit, as appropriate.
- Ensuring compliance with the FASRG in coding all payroll and non-payroll expenditures.
- Adjusting the general ledger, as appropriate, after the Program Budget Manager's reconciliation of the time and effort reports, as appropriate if adjustments are necessary.
- Managing the day-to-day cash needs for grant expenditures and drawing-down cash reimbursements, as appropriate.
- Verify 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 for audit purposes.
- Managing all fixed assets and ensuring compliance with the inventory and disposition federal guidelines.

## **Human Resources Department**

- Assisting the Program Budget Manager with the recruitment and hiring of all grant-funded staff
- Ensuring that all grant-funded staff meet the Highly Qualified Staff federal guidelines and all state certification requirements, as appropriate.
- Ensuring that all grant-funded staff sign a job description with the grant-related duties and funding on an annual basis.
- Preparing the Highly Qualified Staff Annual Report and conducting the required public notice or hearing, as appropriate.
- Maintaining audit-ready HR employee files for financial audit or single audit purposes, as appropriate.
- Developing and maintaining all salary schedules to ensure consistency between local and non-local pay rates including base salaries, stipends and extra-duty rates of pay.
- Assisting the Program Budget Manager with determining the position title, Role ID and other salary information for use in completing the grant application.
- Retaining all personnel records for the required length of time (5 years) for audit purposes.

## **Federal Programs Budget Manager**

- Working cooperatively with the campus administrative staff and the Program Budget Manager to ensure that all grant activities are collaboratively planned and appropriate to each campus or department.
- Providing supporting documentation for budgeted grants funds. And, submitting all grant amendments to the Business Services Department to facilitate budget amendments.
- Assisting the Human Resources Department with determining the payroll distribution code(s) for all grant-funded staff.
- Preparing all grant-related programmatic (evaluation) reports (monthly, quarterly and/or annual).
- Ensuring compliance with the FASRG in coding all payroll and non-payroll expenditures.
- Receiving and monitoring the time and effort reports, as appropriate, and submitting adjustments, if any, to the Business Services 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 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 HR Department that all grant-funded staff meet the Highly Qualified Staff federal guidelines and all state certification requirements, as appropriate.
- Verifying with the HR Department that all grant-funded staff sign a job description with the grant-related duties and funding on an annual basis.
- Verifying with the HR Department that the Highly Qualified Staff Annual Report and conducting the required public notice or hearing, as appropriate.
- Assisting the HR Department with determining the position title, Role ID and other salary information for use in completing the grant application.

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

## **State and Federal Programs/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.

The FSP has two main components, **operations funding** and **facilities funding**. Each component is tied to the tax efforts of school districts. These components provide funding for school district operations and school facilities. This overview briefly describes the main components of the FSP.

1. The operations funding component of the FSP assists school districts in financing their maintenance and operations (M&O) through the following two formulas:

- ❖ Tier One of the FSP provides school districts (and open-enrollment charter schools) with a basic level of funding through several allotments, including those for regular basic education, special education (SPED), dyslexia, compensatory education, bilingual education (including dual language programs), career and technology education (CTE), public education grants, early

education, college, career, or military readiness, fast growth, small and mid-sized districts, teacher incentives, transportation, and new instructional facilities.

- ❖ Tier Two of the FSP is intended to supplement the basic funding provided by Tier One. Tier Two guarantees a specific level of funding per student in weighted average daily attendance, or WADA, for each penny of tax effort above a school district’s maximum Tier One tax rate (also referred to as the state maximum compressed tax rate, or MCR). The funding provided by this additional tax effort is also referred to as enrichment.

2. The facilities funding component of the FSP provides school districts (excluding open-enrollment charter schools) with assistance for debt service related to funding school facilities through the following two programs:

- ❖ The Instructional Facilities Allotment (IFA) program provides funding to school districts for debt service payments on debt associated with the purchase, construction, renovation, and expansion of instructional facilities. Districts use this funding to make annual debt service payments on qualifying bonds and lease-purchase agreements.
- ❖ The Existing Debt Allotment (EDA) program provides funding to school districts for debt service payments on eligible bonded debt.

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

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

|   |             |                                |
|---|-------------|--------------------------------|
| ▪ <b>Special Education</b>                  | <b>55%</b>  | <b>PIC 23,33, &amp; 43</b>     |
| ▪ <b>Dyslexia</b>                           | <b>100%</b> | <b>PIC 37</b>                  |
| ▪ <b>Career &amp; Technical Education</b>   | <b>55%</b>  | <b>PIC 22</b>                  |
| ▪ <b>State Compensatory Education (SCE)</b> | <b>55%</b>  | <b>PIC 24, 26-30, &amp; 34</b> |
| ▪ <b>Bilingual/ESL Education</b>            | <b>55%</b>  | <b>PIC 25,35</b>               |



- **Early Education Allotment**                      **100%**                      **PIC 36**
- **CCMR Outcomes**                                      **55%**                      **PIC 38**
- **Gifted and Talented**                                      **100%**                      **PIC 21**

\*PIC 21 was not a state-funded separate allotment as of HB 3 (2019) but was reinstated in FY 2021-2022 (HB 1525). A TAA issued on 8/26/2021 confirmed that the GT Allotment spend percentage requirement will be at 100%. We should continue to classify GT-related expenses in PIC 21.

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

**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]. The district shall ensure that the appropriate program intent code (PIC) and campus/department organization codes are used during the budget and expenditure processes. Expenditures coded to PIC 99 (undistributed) and Organization Code 999 will be distributed by TEA using a methodology that may include: student enrollment by campus, staff FTEs, square footage of buildings (for functions such as 34, 35, 51, etc.), or other methodology as may be determined by TEA.

During the budget process, the estimated state allotment shall be calculated by the Chief Financial Officer or designee, based on prior year special program enrollment and average daily attendance (ADA). The estimated state allotment by special program shall be provided to the Program Budget Manager. These Program Budget Managers 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.

The Business Services Department, specifically, the Director of Finance, 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; budget allocations for compensatory, intensive, and accelerated instruction; student-teacher ratios; and purchasing with state allotment funds.

As part of the budget adoption process, the Chief Financial Officer 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.

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

### **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 and Talented
- PIC 22 Career and Technical
- PIC 23 Services to Students with Disabilities (Special Education)
- PIC 24 Accelerated Instruction(State Compensatory Education)\*\*
- PIC 25 Bilingual Education and Special Language Programs\*\*\*
- PIC 26 Non-Disciplinary Alternative Education Program (AEP) – Supplemental Services\*\*
- PIC 28 Disciplinary Alternative Education Program-Basic\*\*
- PIC 29 Disciplinary Alternative Education Program - (DAEP SC) Supplemental Costs\*\*
- PIC 30 Title I, Part A, school-wide activities related to State Compensatory Education (SCE) and other costs on campuses with 40% or more educationally disadvantaged students.\*\*

- PIC 32            Prekindergarten (pre-k)-Regular
- PIC 33            Prekindergarten (pre-k) – Special Education\*
- PIC 36            Early Education Allotment (New 2019-2020)
- PIC 37            Dyslexia (New 2019-2020)
- PIC 38            CCMR Outcomes (College, Career and Military Readiness) (New 2019-2020)
- PIC 43            Dyslexia, Special Education (New in 2020-2021)\*

\*PIC codes used in Special Education mandated spending requirement

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

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

If the “intent” of a course or program is one of the Enhanced Services, the appropriate PIC shall be used for the expenditures even if an incidental student(s) benefits from the program. For example, the salary of a Bilingual Instructional Aide should be paid 100% from PIC 25, if the intent of his/her position is to support Bilingual students even though one or two 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 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                            |
|             | PDM1-120-008 | Student Success Initiative Student Roster      |
|             | PDM1-120-009 | Disaggregation of PEIMS Student Data           |
|             | PDM1-120-013 | PK Student Roster                              |
|             | PDM1-120-020 | Student Census Block Group Roster              |
| Summer      | PDM3-130-001 | Superintendent's Report of Student Attendance  |
|             | 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    |
|             | PDM3-120-017 | PK Student Roster                              |
|             | PDM3-120-018 | Student Dyslexia or Related Services Roster    |
| 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 will the employee do? Determines the function code
- What is the FLSA status of the employee? Determines the object code
- Where will the employee work? Determines the organization code
- Who will benefit? Determines the population served or PIC

Determining the correct payroll account distribution code(s) is critical to ensuring 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 programs may be charged to the special program PIC.

Best Practice to ensure accuracy of Staff FTEs by special program:

By September of each school year, the Campus Principals shall prepare a Staff Full Time Equivalent (FTE) report that is based on the campus Master Schedule. The Staff FTE report shall reflect the names of all

staff, the position, and the assignment(s) by PIC code. The population served codes and program intent codes are correlated below:

- Population Served Code 04      PIC 21 Gifted and 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 (SCE)
- 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 School Wide Activities related to SCE(Campuses with 40% or more educationally disadvantaged students)
- Population Served Code 01      PIC 31 High School Allotment
- Population Served Code 06      PIC 33 Pre-K Special Education
- Population Served Code 03      PIC 34 Pre-K Compensatory Education
- Population Served Code 02      PIC 35 Pre-K Bilingual Education
- Population Served Code 01      PIC 36 Early Education Allotment
- Population Served Code 01      PIC 37 Dyslexia
- Population Served Code 05      PIC 38 College, Career, and Military Readiness
- Population Served Code 06      PIC 43 Dyslexia, Special Education

All staff assigned to support all students, not specifically served in a special program, shall be coded as basic population served (01) and the basic program intent code (11).

Special Program Administrators shall also submit a Staff FTE report for non-campus administrative staff by September at the beginning of each 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 Staff FTE reports shall be submitted to the Human Resource Department no later than the deadline. The Human Resource Department shall verify the Staff FTEs and ensure that funds are budgeted in the

appropriate payroll account codes. Budget changes and/or amendments, if any, shall be prepared by the Director of Accounting.

After approval of the Staff FTE reports, the Human Resource Department shall submit the Staff FTEs to the Director of Payroll to update the payroll distribution record(s) of each district employee.

Campus Principals and Program Budget Managers shall be responsible for ensuring that any changes to staff assignments are submitted to the Human Resource Department within five (5) days of the assignment change. The prior process of verifying the FTEs and 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 Expenditures Compliance**

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

The TEA Special Allotments Monitoring Program (SAMP) methodology and expenditure rate calculation worksheet shall be used by the Business Services department to ensure compliance with required spend percentages. The SAMP shall include the supplemental state allotment programs: 1.) Special Education, 2.) Compensatory Education, 3.) Bilingual Education, 4.) Career and Technology Education, 5.) Dyslexia, 6.) Early Education, 7.) CCM. The Gifted and Talented expenditures (PIC21) will also be monitored by TEA.

Upon receipt of a TEA Preliminary SAMP report, the Chief Financial Officer shall review the report and submit any additional information to TEA within 10 days of the report. If the results of a TEA Special Allotments Monitoring Program report indicate that the district did not over a period of three (3) fiscal years, utilize the state allotment program funds in accordance with TEC, TAC or TEA guidelines, the Chief Financial Officer shall develop a Corrective Action Plan. If the Corrective Action Plan indicates that the district must return state allotment program funds to TEA, the funds shall be submitted to TEA within the allotted time period. If the Corrective Action Plan indicates that the district shall correct operational procedures related to the budgeting and expensing of state allotment program funds, the Chief Financial Officer shall draft and implement the operational procedures.

## 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, program services, and use of funds.

TEC Sec. 29.121 defines a "gifted and talented student" as a child or youth who performs at or shows the potential for performing at a remarkably high level of accomplishment when compared to others of the same age, experience, or environment and who:

- (1) exhibits high performance capability in an intellectual, creative, or artistic area;
- (2) possesses an unusual capacity for leadership; or
- (3) excels in a specific academic field.

In accordance with **School Board Policy EHBB Legal and Local**, the school district shall identify and serve gifted and talented students in the district or through a shared services arrangement (SSA).

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.

***Note. The GT allotment was funded as part of the 87<sup>th</sup> Legislature at a weight of .07 and limited to 5% of ADA. 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. Failure to comply with this requirement may result in the commissioner reducing the district's total state funding in accordance with TEC 29.124.

The Program Budget Manager with oversight responsibility to certify the Gifted & Talented special program data prior to submission to TEA shall be as noted on the Annual List of Program Coordinators (Exhibit Section).

### **Career and Technical Education (CTE)**

The Career and Technical Education program must adhere to state law, Texas Education Code (TEC) 29.181 and TEC 42.154. Chapter 29 addresses the programmatic guidelines related to eligibility, identification, and program services. Chapter 42 addresses the funding weight(s) and allowable costs.

For each full-time equivalent student in average daily attendance in an approved career and technology education program in grades 7 through 12:

- (1) 1.1 for a full-time equivalent student in career and technology education courses not in an approved program of study;
- (2) 1.28 for a full-time equivalent student in levels one and two career and technology education courses in an approved program of study, as identified by the agency; and
- (3) 1.47 for a full-time equivalent student in levels three and four career and technology education courses in an approved program of study, as identified by the agency.

The district is eligible to receive weighted\* funding for eligible full-time equivalent (FTE) students in approved Career and Technology Education (CTE) programs. In addition to this weighted funding, the district is also eligible to receive \$50 for each FTE student enrolled in two or more advanced CTE courses for three or more credits. Additionally, students enrolled in a designated P-TECH or a 9-12 New Tech campus (identified by having an active agreement with the New Tech Network) are eligible for \$50 per student. These two funding elements determine the district's total CTE allotment. The CTE allotment applies to students in grades 7-12 who take an approved career and technical education (CTE) course designated with an "H" in the CTE course column of the Texas Education Data Standards, Section 4, Service-ID (CO22) code table.

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 Program Budget Manager with oversight responsibility to certify the CTE special program data prior to submission to TEA shall be the Career and Technical Education Coordinator.

## **Special Education**

The Special Education program must adhere to state law, Texas Education Code (TEC) 29.003 and TEC 42.102. Chapter 29 addresses the programmatic guidelines related to eligibility, identification, and program services. Chapter 48 addresses the funding weight(s) and allowable costs.

Per TEC 48.102, for each student in average daily attendance in a special education program under Subchapter [A](#), Chapter [29](#), in a mainstream instructional arrangement, the district is entitled to an annual allotment equal to the basic allotment, or, if applicable, the sum of the basic allotment and the allotment under Section [48.101](#) to which the district is entitled, multiplied by 1.15. For each full-time equivalent student in average daily attendance in a special education program under Subchapter [A](#), Chapter [29](#), in an instructional arrangement other than a mainstream instructional arrangement, the district is entitled to an annual allotment equal to the basic allotment, or, if applicable, the sum of the basic allotment and the allotment under Section [48.101](#) to which the district is entitled, multiplied by a weight determined according to instructional arrangement as follows:

- Homebound 5.0
- Hospital class 3.0
- Speech therapy 5.0
- Resource room 3.0
- Self-contained, mild and moderate, regular campus 3.0
- Self-contained, severe, regular campus 3.0
- Off home campus 2.7
- Nonpublic day school 1.7
- Vocational adjustment class 2.3

Additional weights for students served in residential treatment facilities, extended year program, and students with dyslexia or a related disorder are addressed in TEC 49.102.

The district is required under IDEA B regulations (34 CFR 300.201 and 301.149) to develop and implement policies, procedures and practices related to the provision of special education services to eligible students.

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 Program Budget Manager 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 the fall PEIMS snapshot count of enrolled students who are reported as economically disadvantaged and the census-based weight associated with each identified student's home address. The weights assigned to the five tiers of the index established under Subsection (c) are, from least to most severe economic disadvantage, 0.225, 0.2375, 0.25, 0.2625, and 0.275. If insufficient data is available for any school year to evaluate the level of economic disadvantage in a census block group, a school district is entitled to an annual allotment equal to the basic allotment multiplied by 0.225 for each student who is educationally disadvantaged and resides in that census block group.

The district shall use the SCE allotment for *supplemental* programs and services as authorized in TEC 48.104 such as:

funding supplemental programs and services designed to eliminate any disparity in performance on assessment instruments administered under Subchapter B, Chapter 39, or disparity in the rates of high school completion between:

- students who are educationally disadvantaged and students who are not educationally disadvantaged; and
- students at risk of dropping out of school, as defined by Section 29.081, and all other students; or
- support a program eligible under Title I of the Elementary and Secondary Education Act of 1965
- student that does not have a disability and resides in a residential facility
- student who is in a remedial and support program because the student is pregnant

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.

In addition, the Components of the SCE Planning cycle should be documented by the Director of Federal Programs. The components should include:

1. Identification of the students based on statutes, rules, and other reliable data sources
2. Comprehensive assessment of each student's needs so that the appropriate compensatory, intensive, and or accelerated instruction services, and or dropout prevention services are provided
3. Design appropriate SCE services for students that enable them to be performing at grade level at the conclusion of the next regular school year and provide services to prevent at-risk students from dropping out of school
4. Adoption of a budget to support SCE programs
5. Delivery of services to students
6. Evaluation and documenting (Assessing) the effectiveness of accelerated instruction programs and any disparity in performance on assessment instruments administered under TEC, Chapter 39, Subchapter B, or the disparity of high school completion between students at-risk of dropping out of school and all other students in the school district.

7. Holding a public hearing to discuss the results of the SCE program evaluation
8. Improve program based upon evaluation results and stakeholder input

### **Identification of Students**

The Campus Principals (or designees) shall use the student performance data from state assessments to design and implement appropriate compensatory, intensive or accelerated instructional services for students that enable them to perform at grade level at the conclusion of the next regular school term.

In addition, secondary Campus Principals (or designees) shall provide accelerated instruction to a student enrolled in the district who has taken an end-of-course assessment and has not performed satisfactorily on the assessment instrument or who is at risk of dropping out of school. The campus shall offer before the next scheduled administration of the assessment instrument, without cost to the student, accelerated instruction to each student in any subject in which the student failed to perform satisfactorily on an end-of-course assessment instrument required for graduation. The Chief Financial Officer shall budget separately for costs related to the end-of-course accelerated instruction.

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 fifteen (15) at risk indicators in state law. Districts may also use compensatory education funds to support students who are identified as economically disadvantaged, even if they are not identified as at risk. The Campus Principal, or designee, 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.

### **At-Risk Criteria – State Law (TEC 29.081)**

For the purposes of TEC 29.081, a student at risk of dropping out of school includes a student who is under 26 years of age and who:

- (1) was not advanced from one grade level to the next for one or more school years;
- (2) if the student is in grade 7, 8, 9, 10, 11, or 12, did not maintain an average equivalent to 70 on a scale of 100 in two or more subjects in the foundation curriculum during a semester in the preceding or current school year or is not maintaining such an average in two or more subjects in the foundation curriculum in the current semester;
- (3) did not perform satisfactorily on an assessment instrument administered to the student under Subchapter [B](#), Chapter [39](#), and who has not in the previous or current school year

subsequently performed on that instrument or another appropriate instrument at a level equal to at least 110 percent of the level of satisfactory performance on that instrument;

(4) if the student is in prekindergarten, kindergarten, or grade 1, 2, or 3, did not perform satisfactorily on a readiness test or assessment instrument administered during the current school year;

(5) is pregnant or is a parent;

(6) has been placed in an alternative education program in accordance with Section [37.006](#) during the preceding or current school year;

(7) has been expelled in accordance with Section [37.007](#) during the preceding or current school year;

(8) is currently on parole, probation, deferred prosecution, or other conditional release;

(9) was previously reported through the Public Education Information Management System (PEIMS) to have dropped out of school;

(10) is a student of limited English proficiency, as defined by Section [29.052](#);

(11) is in the custody or care of the Department of Family and Protective Services or has, during the current school year, been referred to the department by a school official, officer of the juvenile court, or law enforcement official;

(12) is homeless, as defined by 42 U.S.C. Section 11302, and its subsequent amendments;

(13) resided in the preceding school year or resides in the current school year in a residential placement facility in the district, including a detention facility, substance abuse treatment facility, emergency shelter, psychiatric hospital, halfway house, cottage home operation, specialized child-care home, or general residential operation; or

(14) has been incarcerated or has a parent or guardian who has been incarcerated, within the lifetime of the student, in a penal institution as defined by Section [1.07](#), Penal Code

(15) is enrolled in a school district or open-enrollment charter school, or a campus of a school district or open-enrollment charter school, that is designated as a dropout recovery school under Section [39.0548](#)

### **At-Risk Criteria – Local**

The Campus Principal or designee shall ensure that students identified with local eligibility criteria are documented in the Student Information System and shall calculate the percentage of students meeting local criteria to ensure that the state maximum of 10% is not exceeded at any point of the school year.

### **Student Entry and Exit into SCE Program**

The effective date and reason for student entry and exit into the SCE Program shall be documented by the Campus Principal (or designee). All changes in student eligibility to be served in the SCE Program shall be entered in the Student Information System.

### **District & Campus Improvement Plans**

The SCE program compliance is unlike the other special programs in that it requires specific procedures and documentation as outlined in the Financial Accounting System Resource Guide (FASRG) Module 6. **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).

All school districts and open-enrollment charter schools, whose SCE allotment is **\$750,000** or more for the previous fiscal year, are required to submit district and campus improvement plans (DIP and CIPs) and an annual local SCE program evaluation to the TEA to evaluate SCE program compliance. For LEAs whose SCE allotment is less than **\$750,000**, the TEA will request selected plans as needed to determine program compliance.

The district **is required** to submit the DIP and CIPs in accordance with the [TEA's Electronic Submission guidelines](#). The District shall electronically submit a PDF version of the DIP and at least two (2) CIPs through the TEAL system on an annual basis within 150 days after the last day permissible to send data for the PEIMS data FINAL Midyear resubmission 2 (typically late July). The determination regarding which CIPs to submit to TEA shall be based on the TEA guidelines in the FASRG, Module 6.2.3 Electronic Report Submission Requirements.

## SCE Program Services

Consistent with the Goals and Strategies identified in the DIP and CIPs, the Campus Principal shall ensure that each eligible student receives services based on their needs. The Campus Principal shall encourage parental participation in the planning of educational services for their child and shall be informed on available services such as extended year program, tutoring and/or summer school. The SCE program services shall also be in accordance with School Board Policy EHBC Legal and Local.

### **SCE Program Evaluation**

The district is required to annually evaluate and document the effectiveness of their designated SCE program in:

1. reducing any disparity in the performance on assessment instruments administered under TEC, Chapter 39, Subchapter B;
2. reducing any disparity in the rates of high school completion between students at risk of dropping out of school and all other district students;
3. reducing any disparity in the rates of high school completion between educationally disadvantaged students and all other district students; and
4. annually hold a public hearing to discuss the results of the LEAs evaluation of the accelerated instruction programs and services; and
5. include the results of this evaluation in the school district's DIP and CIP or the charter school instructional plan.

### **Supplement and Supplant Compliance**

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 shall be used to determine the district's compliance with supplement and supplant provisions.

The Chief Financial Officer or designee shall periodically calculate the cost of the regular education program in relation to budget allocations for compensatory, intensive and/or accelerated instruction and student:teacher ratios. The documentation of the calculation shall be maintained for audit purposes.

**Note. All SCE Expenditures must be documented and supported in accordance with the FASRG, Module 6.**

## **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 Chief Financial Officer or designee shall ensure that the appropriate program intent codes (PIC) are used to record Bilingual/ESL Program expenditures.

The Program Budget Manager with oversight responsibility to certify the Bilingual and ESL special program data prior to submission to TEA shall be the Director of Special Programs.

## **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.

### **Early Education Allotment**

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.



For each student in average daily attendance in kindergarten through third grade, a school district is entitled to an annual allotment equal to the **basic allotment multiplied by 0.1** if the student is:

- (1) educationally disadvantaged; or
- (2) an emergent bilingual student, as defined by Section [29.052](#), and is in a bilingual education or special language program under Subchapter [B](#), Chapter [29](#).

## **Dyslexia**

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.

For each student that a district serves in accordance with this section who has been identified as having dyslexia or a related disorder, the school district is entitled to an annual allotment equal to the **basic allotment multiplied by 0.1**.

Additional TEA guidance is available at: [Dyslexia and Related Disorders | Texas Education Agency](#) and in the [Texas Dyslexia Handbook](#) and [Appendix A: Q&A Related to Dyslexia Handbook](#).

## **College, Career and Military Readiness**

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.

CCMR bonuses are paid for each annual graduate above a certain threshold percentage

- Economically Disadvantaged: \$5,000 for each CCM-Ready economically disadvantaged annual graduate above a threshold

- Non-Economically Disadvantaged: \$3,000 for each CCM-Ready non-economically disadvantaged annual graduate above a threshold

In addition to the economically disadvantaged / non-economically-disadvantaged CCMR bonuses, CCMR bonuses are paid for each annual graduate:

- Special Education: \$2,000 for each CCM-Ready annual graduate enrolled in special education

There are several compliance requirements stated in TEC 11.186 related to a College, Career, and Military Readiness Plan, its components/goals, annual review and posting on the district's website. The requirements are stated below in an excerpt from TEC 11.186:

### **(†)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)**

The district shall execute an organizational conflict of interest disclosure (signed by the Superintendent) only if the district enters a relationship with an outside entity as described in the EDGAR organizational conflict regulations. **[2 CFR 200.318(c)(2)]** (Note: EDGAR requires that 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.)

The district has developed a Conflict of Interest Form to be used to disclose employee conflicts related to purchasing, contract management or other expenditure of federal grant funds. (EDGAR required 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 Legal and DBD Legal) School Board Policy states: A local government officer (defined as the School Board and Superintendent) shall file a conflict 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 vendor:

Has an employment or other business relationship with the local government officer or a family member of the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the officer becomes aware that:

- a) a contract between the district and the vendor has been executed or
- b) the district is considering entering into a contract with the vendor.

Have given to the local government officer or a family member of the officer one or more gifts, and the gift or gifts have an aggregate value of more than \$100 in the 12-month period preceding the date the officer becomes aware that:

- a) a contract between the district and the vendor has been executed; or
- b) The district is considering entering into a contract with the vendor; or c) has a family relationship with the local government officer.

## **Local Regulations (Local Board Policy)**

School Board Policy DBD Local states: The Superintendent shall file an affidavit with the Board President disclosing a substantial interest, as defined by Local Government Code 171.002. in any business or real property that the Superintendent or any of his or her relatives in the first degree may have.

## **Other Conflict of Interest Requirements**

The district shall comply with all additional conflict of interest requirements required by the federal granting agency and/or the pass-through entity (TEA).

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. In addition, the district shall

report to the granting agency and pass-through entity, the extent of the fraud or violations. The Managing Director of Grants and Compliance shall be responsible for completing the Certification Statement on the TEA Division of Grants Administration Conflict of Interest forms. In addition, 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. The Managing Director of Grants and Compliance shall be responsible for overseeing, reporting and documenting any fraud, abuse or waste of federal grant funds.

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 exceeds a nominal (individual) value of \$25 and an aggregate value of \$100 in a fiscal year.

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 Chief Financial Officer.

**Pre-Federal Award Requirements:**

The federal awarding agency and pass-through entities, **in accordance with 2 CFR 200.332**, 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. Comply with the federal grant award fiscal guidelines and allowable cost principles.
4. Ensure that all grant-related staff are properly trained in their respective grant management role on at least an annual basis.
5. Develop and implement district policies and procedures for all critical business functions.
6. Develop and implement grant management procedures and internal controls.

If the district is determined to be a "high risk" district, it shall comply with all 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 to move to a "low risk" entity status.

No pre-award expenses 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” or “competitive” federal grant funds.

Federal entitlement grant funds include, but are not limited to, Every Student Succeeds Act (ESSA), formerly No Child Left Behind (NCLB), Individuals with Disabilities Education Act (IDEA), and Carl D. Perkins. The “maximum” and/or “final” entitlement awards for the district are posted on the TEA Grants Management webpage at: [Administering a Grant | Texas Education Agency](#). The appropriate Program Budget 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 Grant Compliance and Administration webpage at: [ProgramSearch \(state.tx.us\)](#) The appropriate Program Budget Manager shall obtain the competitive grant information to determine whether the grant(s) is appropriate for the district. Some competitive grants may have matching-funds and/or in-kind payment requirements which may place a burden on the district’s available financial resources.

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

- **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 Program Budget Manager shall work collaboratively with the Business Services 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). 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 Program Budget Manager 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
- Hosting or sponsoring conferences
- Out-of-state travel
- Non-employee travel

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 current and future district's local funds.

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

- The 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 Managing Director of Grants and Compliance or designee shall review the grant application to only budget allowable expenditures and object categories. Reserved funds, if any, shall be included in the original budget.

The Managing Director of Grants and Compliance or designee shall notify the Program Budget 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 Program Budget Manager 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](#).

### **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 Part 200, Appendix II, Section H)**

The Director of Purchasing shall verify the eligibility of each vendor with this certification requirement by requesting that the vendor execute a Certification Process 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 Director of Purchasing shall monitor ongoing contracts to verify the contractor's compliance with the debarment, suspension, ineligibility and voluntary exclusion provisions. If 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.

Proper vendor management procedures shall be utilized to verify that vendors are not on the State of Texas or Federal ([sam.gov](http://sam.gov)) debarred lists.

### **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 Director of Purchasing shall ensure that all contract award documents with federal grant funds contain the appropriate lobbying certification language.

### **Budgeting Grant Funds**

The Business Services Department shall budget grant funds in the appropriate fund code as authorized by Financial Accountability System Resource Guide, or the granting agency, as appropriate. In addition, the object expenditure codes noted on the grant application shall be consistent with the budgeted account codes.

Federal grant funds shall be budgeted and available for use no later than 30 days after receipt of the NOGA by the Business Services Department.

Budget amendments, if any, shall be approved by the Program Budget Manager to ensure that the reclassification of funds is allowable under the grant management guidelines related to budget amendments. Some grants allow a transfer of funds, up to 25% of the grant award, but only within the same object class and if the new object code does not require specific approval from the granting agency.

Budget amendments shall be in effect as of the certification date of the amendment submission or upon approval from TEA or the granting agency.

The TEA Department of Grant Compliance and Administration has developed guidance related to amending a grant administered by the TEA. The guidance document is posted on the TEA website at: [http://tea.texas.gov/Finance\\_and\\_Grants/Administering\\_a\\_Grant.aspx](http://tea.texas.gov/Finance_and_Grants/Administering_a_Grant.aspx).

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 we deviate from the original scope or grant objectives. Other amendments may be necessary when the district changes the designated Program Budget Manager, disengages from grant activities for

more than three (3) months, or there is a 25% reduction in the time devoted by a Program Budget Manager.

### **Best Practice for Monitoring Grant Expenditures**

The Program Budget Manager 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 Program Budget Manager shall initiate the amendment process and collaborate with the Business Services 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 Managing Director of Grants and Compliance or designee shall be responsible for ensuring that the finance system budget corresponds to the most recent grant NOGA.

### **Financial and Program Management**

The district must comply with all requirements of federal grant awards including the provisions of the Federal Funding Accountability and Transparency Act (FFATA) and the Financial Assistance Use of Universal Identifier and Central Contractor Registration (CCR). **[2 CFR 200.211]**

### **FFATA Reporting**

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

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 System**

The district's financial management 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. **[2 CFR 200.302(a)]**

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. In addition, the district shall include written procedures to implement the requirements of payments. **[2 CFR 200.305] and [2 CFR 200.302(b)(6)(7)]**

### **Record Retention**

The financial management system shall be utilized to store, maintain, and report all required federal grant information. **[2 CFR 200.334]** 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 in accordance with the district's Local Records Retention Plan.

### **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. **[2 CFR 200.302(b)(1)]**

- The CFDA title and number\*,
- Federal award identification number and year\*,
- Name of the Federal agency\*, and
- Name of the pass-through entity\*, if any
- Grant Period (start and end of the grant award)
- Grant Award (dollar amount of the award)

- Grant Manager for each grant (Generally, the Asst. Superintendent for C&I shall serve as the Grant Manager, unless otherwise noted)
- Subgrants, if any
- TEA-assigned risk level for each grant, as appropriate
- Applicable federal regulations (OMB A-87 or EDGAR, based on the date of grant award)

On at least a monthly basis, the Managing Director of Grants and Compliance or designee, shall review the status of each federal grant fund. The review shall include a comparison of budget to expenditures. **[2 CFR 200.302(b)(5)]**

### **Internal Controls**

Internal controls, defined in **2 CFR 200.1**, is a process, implemented by the district, designed to provide reasonable assurance regarding the achievement of objectives in the following categories.

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

The district' internal control procedures over financial management, developed in accordance with the Internal Control Integrated Framework (COSO), shall be made available to all staff involved in the management of federal grant funds. **[2 CFR 200.303]** TEA's Internal Controls Guidance Handbook provides a general overview of internal controls as they relate to the federal grants TEA awards. According to the Handbook, the district must have an effective system of internal controls in place to prevent, detect and reduce the risks of fraud, waste and abuse of federal grant awards.

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

### **Bonds**

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

Financial Officer shall be responsible for obtaining insurance and/or bonding, as appropriate with support of the Business Services Department.

### **Payments from the Granting Agency to the 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.

If 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 accept advanced payments for federal grant funds. Acceptance of advanced payments require depositing of the funds in an interest-bearing bank account, tracking of interest earnings, and return of all investment earnings in excess of \$500 per year to the granting agency.

#### **[2 CFR 200.305(9)]**

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 drawdown of expended funds shall be net of all rebates, refunds, contract settlements, audit recoveries and interest earned, as appropriate. The Compliance Coordinator and Compliance Analyst shall be responsible for preparing the draw-down of federal grant funds. All draw-downs shall be recorded on the general ledger as a receivable when the drawdown process is complete and posted to the cash account upon receipt of the receivable.

The Federal Grant Fund Expenditure Reimbursement Form shall be prepared and signed by the Compliance Coordinator and Program Budget Manager prior to completing the on-line drawdown procedure. To ensure that the district does not draw down any advanced funds, the draw-down shall occur after the 10<sup>th</sup> of the following month to ensure that all payroll-related liabilities, such as federal taxes and Texas Teacher Retirement System deposits, have been disbursed from the district's bank accounts. The draw-down of payroll expenditures shall be net of all accrued wages and payroll liabilities.

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

The Grants and Compliance Department shall strive to draw down federal grant funds only on a monthly, or at least quarterly basis. **TEA requests that LEAs make timely draw-downs to ensure that funds are being used and that grant activities are being met throughout the grant period.**

### **Cost sharing or matching funds**

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)**.

**(The district does not participate in any Cost Sharing or Matching Funds Programs)**

### **Program Income**

The district will not generate any program income as part of a federal grant award. Federal regulations **(CFR 200.307)** allow the district to generate program income to offset federal grant award costs. Income earned, if any, must be expended in accordance with the grant requirements.

### **Period of performance (Obligations)**

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

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

The district's Purchasing Deadlines have been established to facilitate the purchase of all goods and services within the fiscal year and/or grant period. The purchasing deadline for non-federally funded

purchases begins approximately 30 days prior to the end of each fiscal year. The purchasing deadline for federally funded purchases will follow the same deadline, unless a deadline is adjusted to fall within the grant’s period of performance. At a minimum, the purchasing deadlines for federally funded purchases shall end approximately one (1) month prior to the end of the grant period to ensure receipt and use of the goods or services for the intended grant activities.

All obligations with federal grant funds must occur during the grant period. Obligations that occur before or after the grant period are not allowable costs unless approved as a pre-award cost as reflected on the grant application. The obligations must be liquidated in accordance with the grant deadlines, especially as they relate to the final draw-down of federal grant funds.**[2 CFR 200.309]**

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:

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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   |

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

Procurement with and expenditure of grant funds shall be through the documented Business Services processes in place for non-grant funds and shall have additional requirements as noted below to ensure

full compliance with federal regulations, specifically the Procurement Standards in **EDGAR 2 CFR Part 200.318-200.327**.

The district shall comply with the general procurement requirements of the EDGAR 2 CFR 200. The district shall utilize a purchase order and encumbrance system to manage the expenditure of all federal grant funds unless other methods, such as direct payments, are authorized in the district's guidelines. All purchases shall be in accordance with the district's School Board Policies (CH Legal and Local) and the district's purchasing procedures.

**The district's purchasing procedures shall comply with all federal, state and local procurement requirements. If a conflict arises between the federal, state and local requirements, the stricter requirement shall prevail.**

The district shall adhere to state law and federal guidelines related to the competitive procurement of grant purchases. Specifically, the district shall comply with the Texas Education Code, Chapter 44 regarding the authorized competitive procurement options available to school districts. In addition, any competitive procurement requirements specific to federal grants must also be adhered to for all grant purchases.

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

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

**The district shall utilize the Financial Accountability System Resource Guide (FASRG) Account Code Structure to record all payroll and non-payroll expenditures.** Additional guidance regarding the FASRG Account Code Structure is available on the [TEA website](#) and the district's Business Services Procedure Guide.

The Program Budget Manager for each federal grant shall be responsible for the programmatic and evaluation compliance and the Managing Director of Grants and Compliance shall be responsible for the financial compliance. A list of the Program Budget Manager's by federal grant is included in the Exhibit



section. The use of “Program Budget Manager” throughout this document shall refer to the specific Program Budget Manager by federal grant as listed in the Exhibit section.

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

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

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

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

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

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

- [General and Fiscal Guidelines \(through December 26, 2014\)](#)
- [General and Fiscal Guidelines: EDGAR \(after July 1, 2021\)](#)

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

### **Procurement Tracking and Documentation**

The Director of Purchasing shall be responsible for ensuring compliance with all federal, state and local procurement requirements and for ensuring that the district maintains an up to date procurement history to include, but not limited to, the information below for all federally funded purchases [**2 CFR 200.318(i)**].

- \*Rationale for the method of procurement
- \*Selection of contract type
- \*Contractor selection or rejection

- \*Basis for the contract price
- List of all procurements by type
- Like-item category (commodity code)
- Advertisement date(s) of the procurement
- Release date of the procurement specifications
- Selection criteria for vendors
- Opening date of the procurement
- List of vendors submitting a proposal/bid
- Selection of Vendor
- Date of contract award
- Begin date of contract
- End date of contract
- Contract Amount

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

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

### **Purchasing Efficiency Strategies**

All purchases shall be purchased from a variety of qualified vendors with the ability to perform successfully under the terms and conditions of a proposed procurement. The district shall strive to avoid acquisition of unnecessary or duplicative items (**2 CFR 200.318(d)**).

The district shall implement the following strategies to maximize federal grant funds:

- Consolidation of purchases to obtain volume pricing, as appropriate.
- Evaluate the cost efficiencies of leases versus purchases of equipment.
- Utilize cooperative purchasing agreements, as appropriate, to obtain volume pricing (**2 CFR 200.318(e)**)
- Utilize federal or state excess/surplus property supplies or equipment in lieu of purchasing new supplies or equipment, as appropriate (**2 CFR 200.318(f)**)
- Utilizing value-engineering in construction projects to seek cost reductions (**2 CFR 200.318(g)**)
- Develop vendor selection criteria to select the best vendor (**2 CFR 200.318(h)**)
- Develop a tracking system of all informal and formal procurements (**2 CFR 200.318(i)**)

- Avoid “time and materials” contracts if other alternatives exist **(2 CFR 200.318(j)(1))**
- Monitor vendor performance to ensure that the vendor provides the services and/or goods, as appropriate **(2 CFR 200.318(k))**
- Ensure that all contract and vendor disputes are resolved in the most advantageous manner.
- Minimize the risk of jurisdictional issues by ensuring that all contracts would be litigated in a court within the county, city and/or state, as appropriate.

The district has determined that its procurement systems comply with the Procurement Standards or the district may complete a review of the procurement system to self-certify that the procurement system is efficient and effective **(2 CFR 200.325)**. The Director of Purchasing shall oversee the completion of the self-certification. The results of the certification shall be distributed to all applicable staff.

### **Conflict of Interest**

The Business Services Department shall each execute a Conflict of Interest Form to disclose a conflict of interest, as appropriate, related to the awarding of a contract or substantial expenditures with federal grant funds. Substantial expenditures shall be defined as a purchase in excess of \$50,000.

**No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest. In addition, no employee, officer or agent of the district may neither solicit nor accept gratuities, favors or anything of monetary value from contractors or parties to subcontractors. All employees shall comply with the Educators’ Code of Ethics. Violators of the Code of Ethics shall be subject to disciplinary action, including but not limited to, termination of employment with the district.**

### **Vendor Competition**

The Purchasing Department, in conjunction with the Program Budget Manager, shall be responsible for selecting and awarding contracts to vendors that are qualified to provide the goods and/or services to be purchased with federal grant funds. The vendor selection process shall ensure that the district does not restrict competition among qualified vendors **(2 CFR 200.319)**.

### **Vendor Selection Criteria**

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

- Past experience with the district

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

The district shall not restrict vendor competition by requiring any of the following as selection criteria [2 CFR 200.319]:

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

**Vendor Database**

A vendor database shall be maintained by the Purchasing and Compliance Departments. The district’s adding and/or updating of vendor procedures shall be adhered to for all purchases. Vendor selection shall include the following criteria:

- Has not been debarred or suspended by the State of Texas or federal government.
- Is licensed or registered with the State of Texas to perform the contracted service, as appropriate.
- Has obtained the minimum insurance limits and/or bonding established by the district, as appropriate.
- Has disclosed any felony convictions and/or criminal history, as appropriate.

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

- Vendor application file (new vendors)
- Form W-9
- Conflict of Interest Questionnaire
- Fingerprinting (if working directly with students)
- Felony Conviction Form

A vendor database shall be maintained by the Purchasing and Compliance Departments with oversight by the Director of Purchasing and the Managing Director of Grants and Compliance. The district's adding and/or updating of procedures shall be adhered to in adding and maintaining approved vendors.

### **Bid and Proposal Specifications**

The district shall develop written bid/proposal specifications that are provided to every qualified vendor to ensure consistency in the procurement process. A vendor that is allowed to assist with the development of specifications shall be ineligible to submit a proposal for the specific procurement as this may provide a barrier to open competition among the qualified vendors. **[2 CFR 200.319(b)]** The bid/proposal documents must include guidance to vendors regarding the following:

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

The district's specifications shall incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a "brand name or equivalent" description may be used as a means to define the performance or other salient requirements of procurement. **[2 CFR 200.319(b)(6)]**

The Director of Purchasing shall oversee all bid/proposal documents before release to the vendor to ensure the documents comply with the federal requirements.

## **Procurement Methods**

The district shall use one of the procurement methods allowed by federal regulations to procure goods and services with federal grant funds. **[2 CFR 200.320]: Informal, Formal or Noncompetitive.** In addition, the district shall comply with state purchasing laws and local Board Policy, CH Legal and Local.

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

**The district shall adhere to the *most restrictive* federal regulations, state laws, local policies and/or procedures when the guidance documents are in conflict. [CFR 200.403(c)]**

## **Procurement Levels and Requirements**

TEC 44.031 (a) requires all District contracts for the purchase of goods and services valued at \$50,000 or more in the aggregate for each 12-month period to be made by the methods providing best value to the District. The rule does not apply to contracts for the purchase of produce or vehicle fuel.

The term “aggregate,” used in TEC §44.031(a), means the total expenditures for like or similar goods and services that in normal purchasing practices would be made as one purchase over a 12-month period (July 1 to June 30) for all Frisco ISD campuses and departments.

Purchasing is responsible for monitoring the compliance of purchases to the bid laws and the District’s purchasing procedures. In addition, Purchasing is responsible for developing procedures to promote full competition among potential vendors because, generally, competition is required by law.

Purchasing reviews all District purchases of “like-items” quarterly to ensure purchases in any category of like or similar items do not exceed \$50,000, above which FISD is required to make purchases by a formal procurement method listed in TEC §44.031.

Frisco ISD uses National Institute of Governmental Purchasing commodity codes and locally identified codes for tracking like or similar categories of purchases. End users enter commodity codes when submitting a requisition.

The Department reviews one complete fiscal year’s expenditures to identify purchase categories for which the total amount of purchases was below the simplified acquisition threshold. We use this information to identify planned purchases under the Simplified Acquisition Threshold (\$50,000) in the upcoming fiscal year. Codes can be added or removed during this process.

**TABLE 1** below lists the seven, competitive and noncompetitive, allowable purchasing methods for purchases of \$50,000 or more (TEC 44.031). We consider these methods for purchases of \$50,000 or more “formal” procurement methods.

| TABLE 1: TEC 44.031 Purchasing Methods |  |                             |
|--|--|-----------------------------|
| Method                                 | Used for   | Competitive/Non-Competitive |
| Competitive bidding                    | Services other than construction services  | Competitive                 |
| Competitive sealed proposals           | Services other than construction services  | Competitive                 |
| Request for proposal                   | Services other than construction services  | Competitive                 |
| Interlocal                             | Goods and services other than construction from a state agency, a unit of local government, or school district | Non-competitive             |
| Methods from TGC 2269                  | Construction services  | Competitive                 |
| Reverse Auction                        |  | Competitive                 |
| Political subdivision corporation      | Electricity  | Non-competitive             |

A request for quotes is not a formal bid, but “price shopping” to ensure we receive the best value when purchasing products and services. The number of quotes needed to make a purchase is determined by state and federal law and local policies and procedures.

Quote requirements are summarized in TABLE 2 below.

| TABLE 2: Quote Requirements |   |                            |
|-----------------------------|---|----------------------------|
| Purchase Amount             | # of Quotes Needed  | Rule                       |
| \$0 to \$4,999              | 0   | FISD policies & procedures |
| \$5,000 to \$49,999         | 1   | FISD policies & procedures |
| \$50,000 or more            | Use a FISD qualified vendor.<br>2 quotes and Best Value Form. | TEC 44.031                 |

### Micro-Purchase Procurement Method

Micro-purchases may be awarded without soliciting competitive price or rate quotations if the non-Federal entity considers the price to be reasonable based on research, experience, purchase history or other information and documents it files accordingly. Purchase cards can be used for micro-purchases if procedures are documented and approved by the school district **[2 CFR 200.320(a)(1)(ii)]**. **[The district does not currently use procurement cards].**

The school district is responsible for determining and documenting an appropriate micro-purchase threshold based on internal controls, an evaluation of risk, and its documented procurement procedures. The micro-purchase threshold used by the school district must be authorized or not prohibited under State or local laws or regulations. School districts may establish a threshold higher than the Federal threshold. **[2 CFR 200.320(a)(1)(ii) and (iii)]**

The Chief Financial Officer shall conduct an evaluation on an annual basis of the district’s internal controls, TEA-assigned risk level and documented procurement procedures to determine the appropriate micro-purchase threshold. The Self-Certification of Micro-Purchase Threshold form shall be submitted to the Superintendent within 30 days prior to the start of each fiscal year for his/her review and consideration. The approved threshold shall be documented in the State and Federal Grants Manual to ensure that all stakeholders are aware of the approved micro-purchase threshold.



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

### **Micro-Purchase Procedures – Up to \$49,999**

As of November 12, 2020, **2 CFR 200.320(a)(1)(iv)** states that a *Non-Federal entity 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 of any of the following:

- (A) A qualification as a low-risk auditee, in accordance with the criteria in §200.520 for the most recent audit;
- (B) An annual internal institutional risk assessment to identify, mitigate, and manage financial risks; or,
- (C) For public institutions, a higher threshold consistent with State law.

The Board delegates to the Superintendent the authority to determine the method of purchasing, in accordance with CH(LEGAL) or CBB(LEGAL), as appropriate, and to make budgeted purchases for goods and services. However, any single budgeted purchase for goods or services that costs \$50,000 or more shall require Board approval before a transaction may take place.

Exception: Any single budgeted purchase for goods or services that costs more than \$50,000 shall not require Board approval when the purchase is made pursuant to:

1. A contract awarded to a Board-approved respondent to a solicitation for competitive bid or a request for qualifications;
2. A cooperative purchasing program, in accordance with state law;
3. An interlocal agreement, in accordance with Government Code 791.001 and 791.011; or
4. A contract through the State of Texas Procurement Program, in accordance with law. [See CH(LEGAL)]

However, the Board shall be notified of any purchase for goods or services under this exception that costs more than \$100,000.

The district has elected to self-certify a threshold up to \$49,999 in accordance with Texas law (TEC 44.031). The Managing Director of Grants and Compliance shall complete the Self-Certification of Increased Micro-purchase threshold Form on an annual basis within 30 days prior to the start of each fiscal year.

### **Small Purchase Procedures \$50,000 - \$249,999**

The **Procurement by Small Purchase Procedures** shall be used by the district when the purchase of goods or services do not exceed \$250,000, the Simplified Acquisition Threshold (**CFR 200.1**). The purchasing department shall require written, emailed, or faxed quotations from at least two (2) qualified vendors for all small purchases, i.e. purchases that do not exceed \$50,000 [the state law threshold which requires a competitive procurement]. Note. The quotes can be from two (2) separate vendors within a qualified purchasing cooperative or different purchasing cooperatives to meet both the EDGAR and state law requirements for competitive procurement.

The district shall strive to obtain small purchases from qualified vendors under a Cooperative Purchasing Program [**2 CFR 200.318 (e)**]. Even though these cooperative purchasing programs have competitively procured the vendor contracts, the district shall compare the pricing among the vendors to select the best quality and price.

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

The **Procurement by Sealed Bids** method shall be used by the district when the purchase of goods or services exceeds \$250,000 if the acquisition of the goods or services lends itself to a fixed price contract and the selection of the successful bidder can be made principally on the basis of price [**2 CFR 200.320 (b)(1)**]. The district shall comply with the sealed bid requirements, as defined by the EDGAR, as noted below:

- Bids must be solicited from an adequate number of bidders.
- Bids must be publicly advertised and bidders shall be provided an adequate amount of time to prepare and submit their bid.
  - The district shall publicly advertise all bids in accordance with state law, i.e. at least two (2) times in two separate weeks.
  - The district shall provide no less than ten (10) days for bidders to prepare and submit their bids.
- Bids must contain detailed specifications to ensure that bidders have a clear understanding of the goods or services that the district is seeking to purchase.

- Bids must specify the time, date and district location where bids will be opened publicly.
- Bids must be awarded based on a fixed price contract to the lowest responsive and responsible bidder. The district shall consider discounts, transportation costs and life cycle costs only if these factors were included in the bid specifications. The district will consider payment discounts because the district does routinely take advantage of payment discounts.
- Bids will be evaluated, ranked and a recommendation for award made to the School Board at a regularly scheduled board meeting.
  - o If no bidder is recommended, the district shall reject all bids and evaluate whether to modify the bid specifications to initiate a new bid process.
- The district shall notify the successful bidder and process the contract documents and/or purchase orders, as appropriate.
- The district shall notify all unsuccessful bidders to ensure that qualified bidders are encouraged to submit bids during future bid opportunities.

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

### **Competitive Proposal Procedures-over \$250,000**

The Procurement by Competitive Proposal method shall be used by the district when the acquisition of the goods or services exceeds \$250,000 and does not lend itself to a fixed price contract [2 CFR 200.320 (b)(2)]. The district shall comply with the sealed bid requirements, as defined by the EDGAR, as noted below:

- Requests for Proposals (RFP) must be publicly advertised.
- The RFP shall identify the evaluation factors and their weight in awarding the proposal.
- Proposals shall be solicited from an adequate number of bidders.
- Proposals shall be evaluated, ranked and a recommendation for award made to the School Board at a regularly scheduled board meeting. [2 CFR 200.320(b)(2)(ii)]
  - o The district shall develop an instrument to evaluate each proposal and rank the proposals based on the evaluation scores.
  - o The district shall evaluate each proposal by committee or no less than two (2) district staff with knowledge of the RFP specifications.
  - o In accordance with state law, the vendor who is ranked highest as providing the “proposal most advantageous to the district” shall be notified of the potential award.

- The district may negotiate with the vendor only as it relates to potential cost savings.
- If the district and vendor ceases to negotiate, the district shall notify the vendor in writing before starting to negotiate with the 2<sup>nd</sup> highest ranked vendor.
- The district shall notify the successful proposer and process the contract.
- documents and/or purchase orders, as appropriate.

A price or cost analysis is required under the Single Acquisition Threshold. Most, if not all, purchasing cooperatives do not perform this function for member districts. The district shall perform the price or cost analysis in accordance with EDGAR and document the results. The Director of Purchasing or designee shall be responsible for conducting the price or cost analysis.

### **Noncompetitive Proposal Procedures**

The **Procurement by Noncompetitive Proposal** method shall be used by the district when the purchase of goods or services is from a “sole source vendor” **[2 CFR 200.320 (c)]**.

A sole source vendor is defined as a vendor, that meets the following requirements:

- The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold **[2 CFR 200.320 (c)(1)]**
- The goods or services are only available from a single source.**[2 CFR 200.320 (c)(2)]**
  - The district shall acquire and maintain a copy of a vendor’s sole source letter which specifies the statutory or other reason for its sole source status.
  - The [TEA Division of Grants Administration Request for Noncompetitive Procurement \(Sole Source\) Approval Form](#) shall be utilized to request prior approval of a non-competitive, sole source proposal.
- A public exigency or emergency will not permit a delay resulting from the competitive solicitation process. **[2 CFR 200.320 (c)(3)]**
  - The district shall declare a public exigency or emergency prior to making such a purchase of goods or services under this method.
- The granting agency or pass-through entity authorized the use of a non-competitive proposal method. **[2 CFR 200.320 (c)(4)]**
  - The district shall obtain written approval/authorization from the granting agency or pass-through entity.

- After solicitation of a number of sources, competition is determined to be inadequate. [2 CFR 200.320 (c)(5)]
  - The district shall determine that competition is inadequate if after two (2) solicitations of bids and/or proposals, only one vendor is responsive to the solicitations.

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

## **Other Procurement Guidelines**

### **Vendor Preferences**

In accordance with state purchasing laws, the district shall comply with the Texas Education Code (TEC Chapter 44) if the procurement guidelines are stricter under state law than federal regulations. Regardless of the procurement method, the district shall encourage small, minority, woman-owned and labor surplus area firms to compete with other qualified vendors by implementing strategies to encourage their participation. [2 CFR 200.321]

As appropriate, and in accordance with 2 CFR 200.322, the district should, to the greatest extent practicable under a Federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all subawards including all contracts and purchase orders for work or products under this award.

The Director of Purchasing shall ensure that vendor preferences are included in all specifications, purchase orders and contracts, as appropriate.

### **Vendor Restrictions**

In accordance with 2 CFR §200.216 that prohibits certain telecommunications and video surveillance services or equipment, the Director of Purchasing and the Chief Technology Officer shall review and approve all telecommunication contracts for goods and services with federal grant funds to include the following:

(a) Recipients and subrecipients are prohibited from obligating or expending loan or grant funds to:

(1) Procure or obtain;

(2) Extend or renew a contract to procure or obtain; or  
(3) Enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that use covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. As described in Public Law 115-232, section 889, covered telecommunications equipment is telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).

(i) For the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities).

(ii) Telecommunications or video surveillance services provided by such entities or using such equipment.

(iii) Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country.

The district shall comply with the federal regulations related to the procurement of recovered materials **[2 CFR 200.323]** and the Solid Waste Disposal Act.

For all purchases that exceed the Simplified Acquisition Threshold of \$250,000, the district shall perform a cost or price analysis with every procurement. **[2 CFR 200.324]** Secondly, all purchases that exceed this threshold shall comply with federal bonding requirements such as **[2 CFR 200.326]**:

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

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

All contracts shall contain the applicable provisions described in 2 CFR 200 Appendix II. **[2 CFR 200.327]** In addition, all contracts for services and/or goods purchased with federal grant funds shall be subjected to the same review and approval process as all other district contracts.

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

### **Property Standards and Management**

The district shall safeguard all property (assets and inventory) purchased with federal grant funds under the same guidelines as property purchased with non-federal funds. **[2 CFR 200.310]** Additional insurance for property purchased with federal grant funds shall be acquired if specifically required by a federal grant award. The Director of Accounting and the Director of Risk Management shall oversee the acquisition of insurance for all federally funded property.

Title to federally-owned property remains vested in the Federal Government. The district must submit annually an inventory listing of federally-owned property in its custody to the Federal awarding agency. Upon completion of the Federal award or when the property is no longer needed, the district must report the property to the Federal awarding agency for further Federal agency utilization. **[2 CFR 200.312]**

### **Real Property**

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

In the future, if the district owns and/or purchases real property, the title to the real property acquired or improved under a federal award will vest upon acquisition with the district **[2 CFR 200.311(a)]**.

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

The district may use federal grant funds to purchase capital assets and supplies if approved by the granting agency. The district shall not use federal grant funds to purchase intangible property. **[2 CFR 200.1]** In the future, if the district purchases intangible property, the title to the intangible assets vest upon acquisition with the district. **[2 CFR 200.315]**

The federally funded capital assets shall be used only for 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. **[2 CFR 200.313]** The district shall not use the federally funded capital assets to generate program income. The purchase of capital assets shall be recorded in object code 66XX in accordance with the FASRG and any local-use account codes.

## **Federally-funded Supplies**

Federally-funded supplies shall be used only for authorized purposes. Supplies shall include all non-assets such as consumable supplies with a useful life of one year or less and non-consumable inventory. At the end of the grant program or project, any residual (unused) supplies in excess of \$5,000 in total aggregate value may be used for any other federal grant program. **[2 CFR 200.314]** Otherwise, the supplies shall be retained by the district or sold, but must reimburse the granting agency for the district's use or sale of the supplies. The district shall implement purchasing deadlines for the purchase of federally-funded supplies to ensure that residual supplies are not available at the end of the grant period or project. The purchasing deadlines are set by the Chief Financial Officer or designee to ensure compliance with federal guidelines. The purchase of supplies shall be recorded in object 63XX, in accordance with the FASRG and any local-use account codes.

## **Capitalization Policy and Definitions**

### **Capital Assets**

The district shall utilize the same capitalization policy for non-grant and grant-funded asset purchases. The district's capitalization threshold for assets with a useful life of more than one year is \$5,000 per unit cost. The district has adopted the EDGAR (CFR 200.1) 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 200.1)**
- *Equipment* means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000. **(CFR 200.1)**
- *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 200.1)**
- *General purpose equipment* means equipment which is not limited to research, medical, scientific or other technical activities. **(CFR 200.1)**

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 200.1)**
- *Special purpose equipment* means equipment which is used only for research, medical, scientific, or other technical activities. **(CFR 200.1)**  
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 **(CFR200.1)** 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 200.1)**

### **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 200.1)**

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

### **Inventory Items**

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

## **Consumable Supplies**

The district has also defined technology-related “walkable” or “personal use” items with a unit cost less than \$1,000 (these items shall be tracked by the Technology Department). These may include but are not limited to the following:

- I-Pads
- Kindle/Nook
- Computers with a cost under \$1,000

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

Titles to federally funded equipment and supply purchases shall be retained by the district, unless otherwise notified by the granting agency. **[2 CFR 200.313(a)]** As district property, the district shall affix a tag, inventory, and dispose of all assets (non-grant and grant-funded) according to the district’s fixed asset procedures. The district procedures shall include the recording of all assets on a database with the following information:

- 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**
- 13) Disposition data including the date of disposal and sale price of property**

Note. Bold items are required by federal regulations. **[EDGAR, 2 CFR 200.313(d)(1)]**

## **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. All federally-funded capital assets shall have a tag affixed to the assets to distinguish the assets from non-federally funded assets.

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. **[Note. Federal requirements 2 CFR 200.313(d)(2) requires an inventory at least once every 2 years]**

The district's annual inventory of assets shall be conducted by the Program Budget Manager 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. **[2 CFR 200.313(d)]**

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. **[2 CFR 200.310]**

The Director of Accounting shall be responsible for maintaining the fixed asset database of all district assets, including all federally funded assets.

## **Cost Principles**

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

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

The district shall adhere to the Cost Principles for federal grants [EDGAR SUBPART E] and any additional grant-specific cost principles. General criteria affecting the allowability of costs includes, but may not be limited to, the following: **[2 CFR 200.403] and [2 CFR 200.320(b)]**

- Necessary, Reasonable and Allocable **[2 CFR 200.404]**
  - A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.
  - Necessary is defined as costs needed to carry out the grant activities.
- Be allocable to Federal awards **[2CFR 200.405]**
- Consistent with state and local policies.
- 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 (GAAP).
- 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 **[2 CFR 200.406]**.
- Be adequately documented.

### **Cost Allocation Plan and Indirect Cost Rate**

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

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 Program Budget Manager and Business Services Department on a 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 most restrictive allowability rules are required by a federal grant award.

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

### **Total Costs**

The **total cost** of a federal award is the sum of allowable direct and allocable indirect costs less any applicable credits. **[2 CFR 200.402]** 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 draw-down on federal grant reimbursements. The Compliance Coordinator and Compliance Analyst shall 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.

### **Payroll Expenditures-Compensation and Benefits**

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

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

### **Compensation Plan**

The School Board approved 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 work day, the compensation

for the non-grant activities shall be paid from non-grant funds. Grant-funded staff with more than one cost objective, shall comply with the Time and Effort documentation requirements.

### **Allowable Compensation Costs**

Compensation costs shall be allowable if:

- The costs are reasonable for the services rendered and conforms to the established district compensation and benefit plans for expenditures with all other funds, i.e. local funds, **[2 CFR 200.430(a)(1)]**,
- The employees have been employed in accordance with the district's established Hiring Procedures **[2 CFR 200.430(a)(2)]**, and
- The costs are supported by the appropriate timekeeping, absence tracking, time & effort certifications or other documentation **[2 CFR 200.430(a)(3)]**, 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. **[2 CFR 200.430(c)]**
- 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 **[2 CFR 200.430(f)]**,
  - o Stipend compensation for other non-federal grant award duties shall be supported by a Supplemental Duties Job Description/Pay Notice. The additional duties shall not conflict with the federally-funded activities with the district.

### **Substitute Teachers**

Salary expenditures for substitute teachers are allowable for approved teacher positions. The Compliance Coordinator shall ensure that the expenditures for substitute teacher costs are expensed from the appropriate account code(s). The School Board approved substitute pay scale shall be used to compensate all substitute teachers whether paid from local, state or federal grant funds.

### **Stipends and Extra Duty Pay**

Stipend and extra duty pay expenditures are allowable for authorized and approved activities. A schedule or work log shall be maintained to substantiate the stipend and/or extra duty pay. Note: 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 Program Budget Manager and the Grants and Compliance Department shall 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 rate used for similar locally funded activities.

### **Allowable Benefit Costs**

District costs for fringe benefits for federally-funded staff shall be allowable as noted below [**2 CFR 200.431**]:

- All benefit costs shall be in accordance with the district's written Summary of Employee Benefits, except for any benefits that may be specifically excluded in a federal grant award.
- All leave benefits shall be in accordance with the district's written Leaves and Absences Policy. (DEC Local)[**2 CFR 200.431(b)**]
- The benefit costs shall be distributed equitably at the same allocation rate (percentage) as the base compensation.
- The benefit costs were earned and paid during the grant period.
- All benefit costs shall be allowable under the Internal Revenue Service, Fringe Benefits Guide (and subjected to taxes, as required by federal statute).

### **Non-Allowable Benefit Costs**

The district shall **not** charge any benefit costs to a federally-funded grant if the benefit costs are not in accordance with the district's written Summary of Employee Benefits, School Board Policy, **2 CFR 200.431**, 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. **2 CFR 200.431(i)**
- Optional pension plans (other than the mandatory Teacher Retirement System of Texas contributions). **2 CFR 200.431(g)**
- Automobile costs or allowance for an employee's personal use of a vehicle (regardless of whether the benefit is taxable to the employee).**2 CFR 200.431(f)**

## Documentation of Compensation and Benefit Costs

In addition to the time and effort reporting requirements, all compensation and benefit costs paid with federal grant funds shall be supported by the following documentation [2 CFR 200.430(i)]:

### 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 Supplemental Duties Job Description/Pay Notice.*
- 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.

## Timekeeping Records

**All payroll expenditures with federal grant funds shall comply with EDGAR regulations such as the period of performance (2 CFR 200.77) and compensation (2 CFR 200.430).**

The Director of Payroll shall ensure that all timekeeping records are properly submitted before payroll disbursements are made to federally funded staff. The timekeeping records for exempt staff may include



supplemental pay sheets for additional assignments such as summer school, tutoring, professional development, etc. in accordance with payroll procedures.

The timekeeping records for non-exempt staff shall comply with the FLSA. **[2 CFR 200.430(i)(3)]** Specifically, all non-exempt work hours must be submitted in accordance with timekeeping procedures and recorded through the district's timekeeping system, TimeClock Plus, or by a supplemental timesheet.

The Program Budget Managers, Director of Finance, Human Resources Department and Payroll Department shall work collaboratively to ensure that the pay codes and object codes reflected on the grant application (Payroll Summary) are consistent with Payroll and Human Resources records.

### **Approval of Payroll Expenditures**

The process of approving payroll expenditures from grant funds shall be a collaborative process between the campus or department, the Program Budget Managers and the Business Services Department. Each campus and/or department plays an essential role in ensuring that all federal grant requirements are met.

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

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

### **New Positions**

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

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

## **New Hires**

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

The Program Budget Manager shall review the request to ensure that the position is still authorized and necessary. Changes to the job description, if any, shall be made at this time. The Program Budget Manager shall review the request to ensure that adequate funds exist in the appropriate account code(s). If funds do not exist, the Program Budget Manager determines if funds will be re-appropriated to the account code(s). After approval from the Program Budget Manager, 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 Every Student Succeeds Act (ESSA), as appropriate, or any other grant-specific credentials. The district shall utilize the Frontline Education to advertise all new positions and collect employment applications and supporting documentation.

Upon employment, the new hire shall receive and sign a copy of his/her respective job description to include the grant funding source.

## **Transfer of Personnel**

When staff in a position funded with grant funds is recommended for transfer to another campus, department, or assignment, the Program Budget Manager, Human Resources Department, and Business Services 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 Program Budget Manager and the Human Resources Department must evaluate the requested transfer to ensure the staff allocations, highly qualified staff requirements, and funding source changes are in adherence with grant requirements.

## **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 the job description at employment and on an annual basis, or at a minimum, when the funding source, job title or other change occurs in the employment or assignment of the staff member.

### **Roster/Position Control of all grant funded staff**

The Program Budget Manager shall maintain an up to date position control report 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 the matching or cost sharing requirement of a federal grant fund.

The home campus or department, Program Budget Manager and Human Resources 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 Program Budget Manager.

The review of the position control report 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 position control report. The master schedule or assignment of instructional staff must support the position title and funding source.
- 2) Human Resources Department - ensure that the position title and salary are correct as noted on the position control report. In addition, the Human Resources department shall ensure that each grant funded staff member has a signed job description on file for the position title noted on the position control report. 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 Services Department - the Business Services Department shall ensure that the payroll distribution account code(s) are in accordance with the FASRG.
- 4) Program Budget Manager - ensure that the positions are authorized on the grant application.

The review shall occur on at least a quarterly basis throughout the school year to ensure that the position control report 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 position control report 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 Program Grant Manager to create and enter the salary portion of the grant budget. The percentages shall also be utilized by the Payroll Department to enter the payroll distribution account code(s).

In addition, the Program Budget Manager shall ensure that the Grant Personnel Schedule of the grant application matches the budget and payroll account code(s).

The Program Budget Manager, Human Resources Department and the Business Services 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 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, Program Budget Managers and the Business Services Department shall be aware of the federal guidelines related to time and effort documentation.

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

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

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

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

The timeline for semi-annual certifications shall be once per academic semester to coincide with teaching assignments each semester. The immediate supervisor shall submit all signed semi-annual

certifications to the Program Budget Manager and the Grants and Compliance Department as noted below:

- 1) 1<sup>st</sup> Certification – due 1 week after the end of the 6-month period (July 1st-December 31st)
- 2) 2<sup>nd</sup> Certification –due 1 week after the end of the 6-month period (January 1st-June 30<sup>th</sup>)

The Program Budget Manager’s review shall consist of the following:

- 1) A review of the certification forms to ensure that every staff member and supervisor or designee 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.

In coordination with the Grants and Compliance Department, the Program Budget Manager shall collect and review all Semi-Annual Certification Forms. Any certifications that reflect a percentage other than 100% shall be forwarded to the Business Services Department for adjustment of the grant payroll expenditures for the certification period. The Program Budget Manager shall file the certifications for audit purposes.

The Business Services Department shall prepare a journal ledger entry to correct the account distribution code(s) as appropriate. The Accounting Department shall post the entry to the finance general ledger.

***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 Periodic Activity Report or to account for their time under a substitute system. The district has applied for and been approved by the Texas Education Agency to use the Substitute Time and Effort System; therefore, when applicable, employees must prepare Time and Effort Worksheet 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 submission 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 shall be once per month to coincide with the monthly payroll cycles as noted below:

- 1) Monthly payroll [15<sup>th</sup> of the month] – Time & Effort reports, when applicable, are due by the 10<sup>th</sup> for the prior month.
- 2) Semi-monthly payroll [1<sup>st</sup> & 15<sup>th</sup> of month] – Time & Effort reports, when applicable, are due by the 10<sup>th</sup> for the prior month.

The immediate supervisor shall submit all signed time and effort reports to the Program Budget Manager or designee.

The Program Budget Manager or designee review shall consist of the following workflow:

- 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 monthly (or 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 finance department for adjustment of the payroll charges on the general ledger.

The Grants and Compliance 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 Compliance Analysts verify all variances greater than 10% are posted to the general ledger on a monthly basis; otherwise, the variances shall be posted prior to the final expenditure report.

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

**\*At this time, the policy of the district is to not allow employees to be split between funds, therefore time and effort does not apply.**

### **Time and Effort Substitute System**

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

The district has not opted to use the Time and Effort Substitute System at this time.

### **Non-Payroll Costs**

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

All purchases with federal grant funds shall be in accordance with the Purchasing Procedures.

### **Purchase Requisitions**

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

### **Purchase Orders**

The primary method for all purchases is to issue a purchase order (PO). Once issued by the district and accepted by the vendor, the purchase order is a binding written agreement between the district and the vendor. The types of purchase orders are noted below:

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

All types of purchase orders may be utilized with federal grant funds, subject to the approval of the Director of Purchasing in accordance with the PO approval path. Specific instructions related to specialized purchases are included in the Business Services Training guide. Specific instructions include:

- Lowe's and Home Depot
- Hobby Lobby
- Technology purchases
- Kroger/Market Street

All purchases with federal grant funds shall be in accordance with the district's Purchasing Procedures.

### **Approval of Purchase Orders**

The district shall utilize the e-Finance purchase order and encumbrance system to manage the expenditure of all federal grant funds unless other methods are authorized in the district's procedures.

The approval levels noted below are part of the e-finance Purchasing Module approval path and utilized based on approval rule and funding threshold:

- Campus principal or department head – Initial approval
- Director/Program Budget Manager – Second approval
- Grants and Compliance Department – Third Approval (federal funds only)
- Purchasing Department – Fourth approval
- Chief Financial Officer – Final approval

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

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



## **Approval of Grant Purchases and Expenditures**

All purchase orders with grant funds shall be reviewed and approved by the appropriate Program Budget Manager.

The Program Budget Manager review shall consist of the following:

- 1) The expenditure is *reasonable* and *necessary* (as defined in federal grant guidelines). (Note: A test of whether an expense is necessary may include the verification that the expenditure is to perform a strategy or activity on 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 Supplement/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. (Contracts over \$50,000 are subject to Board approval in accordance with Board policy CH local.)

To meet all obligation and liquidation requirements of grant funds, the district establishes annual purchasing deadlines that shall be adhered to by all purchase order originators.

In addition to the normal approval path of district expenditures, all grant expenditures shall be approved by the Program Budget Manager.

All checks issued by the district shall be verified, recorded, approved, issued and reconciled by multiple individuals to ensure segregation of duties within the Business Services Department, specifically the Accounting Department and Accounts Payable staff.

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

To meet all obligation and liquidation requirements of grant funds, the district has established a May and June purchase order deadline depending on school/department end of contract date(s). This deadline

shall be adhered to by all purchase order originators. A campus principal or department head may impose an earlier deadline for their respective campus or department.

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

All district staff shall adhere to the receipt of goods and services process located in the Business Services Training Manual to ensure that receipt of all goods and services is properly documented prior to issuing payment to the vendor. No payment shall be made to a vendor for goods and/or services unless the receipt of the goods and/or services have been verified and documented by the receiver.

Signed documentation and packing lists, if any, shall be forwarded to the Accounting Department for payment through the Accounts Payable Process.

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

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

The district may choose to use purchase cards (credit cards) for federal grant purchases. **2 CFR 200.320(a)(1)(ii).**

The district does not currently use district-issued credit cards to make purchases with federal grant funds.

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

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

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

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

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

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

Contracted services generally include services provided by a non-district employee. Contract originators shall utilize the “temporary employee vs. independent contractor” checklist to determine worker status prior to submitting a contractor for consideration.

All contracted services shall be in compliance with the Professional Services Costs federal regulations [2 CFR 200.459]. Federal regulations require that professional and consultant services be rendered by individuals of a particular professional or that possess a special skill who are not employees of the district.

### **Contracted Services - Definitions**

A *contract* is defined in EDGAR as a legal instrument by which the district purchases property or services needed to carry out the project or program under a federal grant award. [2 CFR 200.1]

*Professional services* are defined in the Texas Government Code (Chapter 2254) as services within the scope of the practice or accounting, architecture, land surveying, medicine, optometry, professional engineering, real estate appraising or professional nursing. In addition, this includes professional services in these areas by a person who is licensed or registered in the state.

Other *contracted services* shall be defined as services by a non-employee or entity that do not meet the professional services definition.

### **Contract Review and Approval**

All contracts and professional services agreements shall be reviewed and approved in accordance with the district guidelines for all non-grant funds. The vendor shall complete the Vendor Application Packet to include, at a minimum, the following documents:

- Vendor Application and Information
- Substitute W-9 and ACH Enrollment Form
- Conflict of Interest Questionnaire (CIQ Form)
- Felony Conviction Notice
- Criminal Background and Fingerprinting (if working directly or indirectly with students)
- Certificate of Insurance (with the district as additional insured) if services will be rendered on district property

## **Federal Regulations Review**

The Program Budget Manager and Director of Purchasing shall review and approve all consultant services agreements for compliance with federal regulations regarding professional service costs. **(2 CFR 200.459)**

The Business Services Department review shall consist of the following:

- 1) Consultant and/or contractor has not been suspended or debarred (contracts greater than \$25,000).
- 2) The contract and/or funds have been approved in the grant application, if specific approval is required from the granting agency.
- 3) The contract's nature and scope of service is directly related to the federal grant award activities. **[2 CFR 200.459(b)(1)]**
- 4) The past pattern of costs, particularly in the years prior to federal awards. **[2 CFR 200.459(b)(3)]**
- 5) The contract does not contain any proposal costs [not allowable under federal regulations].
- 6) Whether the proposed contracted services can be performed more economically by direct employment rather than contracting. **[2 CFR 200.459(b)(6)]**
- 7) Capability of the proposed vendor to perform the required services.
- 8) 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.] **[2 CFR 200.459(b)(7)]**
- 9) The contract and/or consultant agreement meets the allowable costs principles.
- 10) A contract subject to Davis Bacon has the appropriate contract language
- 11) The contract and/or consultant agreement fee for services do not exceed any federal grant or local limits.

In addition, all contracts must contain applicable provisions described in *Appendix II to Part 200 Contract Provisions for non-Federal Entity Contracts Under Federal Awards*. **[2 CFR 200.327]**

**All contracts with federal grant funds shall include the 2 CFR Section 200 Required Provisions Addendum for Contracts Funded by US Federal Grants**

The Director of Purchasing or designee, shall review and approve all contracts.

Contracts over \$50,000 are subject to Board approval in accordance with Board policy CH local.

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

The agreement (contract) shall include the following at a minimum, but may include other contract provisions, as appropriate.

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

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

- The contract is only effective upon receipt of the NOGA by the district from the awarding agency and the issuance of a district purchase order.
- 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 200.318-327** 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” cancellations clause.
- The contract extensions, if included, shall restrict the contract renewals and/or extensions to either a “sole discretion of the district” or “mutual agreement” and not an “automatic renewal”.
- All products created as a result of the district shall be vested in the district and the district shall retain all intellectual property rights.

### **Contractual Obligations**

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 in compliance with **EDGAR 34 CFR 75.703**, 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 may execute a Letter of Intent with a third party prior to the issuance of a Notice of Grant Award (NOGA), as deemed appropriate.**

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

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 [**2 CFR 200.475**], the State Texas-Travel Guidelines, School Board Policy (DEE Legal and Local) and the district’s travel guidelines.

Federal regulations [**2 CFR 200.475**] define travel costs as: expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the non-Federal entity [district]. Such costs may be charged on an actual cost basis, on a per diem or mileage

basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the non-Federal entity's non-federally-funded activities and in accordance with non-Federal entity's written travel reimbursement policies. The district has determined that all travel costs shall be paid and expensed using a combination of actual cost basis and per diem as defined in the district's travel procedures.

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

NOTE. No travel expenditures shall be recorded on the general ledger for a federal grant fund until AFTER the travel event has occurred and the actual travel expenditures are known and supported by documentation. Travel pre-paid or advanced expenditures shall be recorded in a pre-paid account (object code 1410) in the federal grant fund. Pre-paid or advanced travel expenditures, if any, shall not be drawn-down for reimbursement until AFTER the travel event.

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

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

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

- All travel expenditures shall be reasonable and necessary to carry out the federal grant activities.
- A completed Travel Reimbursement form for all travel.
- Submission of a purchase requisition for all anticipated travel expenditures.
- Submission of documentation and receipts to support actual travel expenditures within 30 days of the travel event.
- Travel expenses shall not be recorded as travel expenses in a federal grant fund until “after the travel event” in compliance with the Obligations Rules.
  - The district has chosen to record travel expenses as “prepaid expenses (1410)” until after the travel event in the respective federal grant.

- After the travel event, the prepaid expenses shall be posted as expenses to a 64xx account via general journal.
- Gratuities and sales taxes are not reimbursable with Federal Funds.

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

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

### **Allowable Travel Expenditures**

- Registration fees – registration fees shall be allowable if the event is directly related to grant activities. Registration fees may be 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 limits. The traveler shall submit a written certification [Travel Reimbursement Form] for work-related meals. The meal allowance shall be adjusted in accordance with GSA limits regarding the day of departure/return and meals provided without cost as part of the registration fee. Gratuities and sales taxes are not reimbursable with Federal Funds.
- 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 limits. 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) and federal guidelines. **[2 CFR 200.475(e)]** Receipts shall be required for all transportation expenses. Transportation expenses shall be reasonable and limited to the guidance in the cost principles.



## **Unallowable Travel Expenditures**

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

- Supplies and/or other conference resources (This type of expense may be allowable if a purchase order is submitted before the travel event, typically an Open PO not to exceed a certain amount).
- Alcoholic drinks or beverages.
- Entertainment expenses, such as in-room movies, fee-based hotel amenities such as gyms, spas, etc.
- Expenses for spouses or other non-district employees.
- Expenses due to the traveler's failure to cancel a registration or travel arrangements (except for extenuating circumstances).
- Hotel internet charges (unless expense is work related and pre-approved on travel authorization).
- Non-substantiated or fraudulent travel reimbursement requests shall be non-allowable travel expenses. Travelers who submit fraudulent travel reimbursement requests shall be subject to disciplinary action, up to and including termination of employment.
- Gratuities and sales taxes are not reimbursable with Federal Funds.

In addition, in accordance with EDGAR, no federal, state or local funds shall be used for travel expenditures of non-district staff such as spouses. "Family-friendly" travel costs such as dependent care costs **[2 CFR 200.475(c)(1)]** may be allowable with federal grant funds under EDGAR. The district shall not allow any "family-friendly" travel expenditures with federal grant funds.

## **Out of State Travel**

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

The Program Budget Manager shall prepare and submit the pre-approval forms.

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

The Program Budget Manager shall review and approve all travel-related expenditures paid with federal grant funds.

The Program Budget Manager's review shall consist of the following:

- 1) All original, detailed receipts to 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 and principles.
- 4) The travel is not for the Superintendent or other individuals (non-employee such as family members, 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.
- 6) The travel is not for a contractor or consultant for their professional development.
- 7) The travel was approved by the granting agency, as appropriate (for example: out-of-the-country travel, non-employee travel, etc.)

## **Financial Monitoring and Reporting**

The district shall ensure that all grant funds are consistently monitored throughout the grant period. **(2 CFR 200.329)** The monitoring shall include, but not be limited to:

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

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

The Program Budget Manager and Compliance Coordinator 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.

- 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%

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

In accordance with **2 CFR 200.329(b)(1)**: the non-Federal entity [district] must submit performance reports at the interval required by the Federal awarding agency or pass-through entity to best inform improvements in program outcomes and productivity. Intervals must be no less frequent than annually nor more frequent than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes. Annual reports must be due 90 calendar days after the reporting period; quarterly or semiannual reports must be due 30 calendar days after the reporting period. Alternatively, the Federal awarding agency or pass-through entity may require annual reports before the anniversary dates of multiple year Federal awards. The final performance report will be due 90 calendar days after the period of performance end date. If a justified request is submitted by a non-Federal entity, the Federal agency may extend the due date for any performance report.

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

Audit finding or deficiencies shall be addressed in a timely manner upon receipt of the notification. The Business Services Department, Human Resources and Program Budget Managers 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). [**2 CFR 200.113 Mandatory Disclosure**] Corrective actions, as appropriate, shall be implemented to remedy the loss of grant funds due to fraud.

## **Draw-Down of Funds**

The district shall on at least a monthly basis, or as allowed or required by the grant guidelines, draw-down grant funds that have been spent in accordance with the grant guidelines. The draw-down shall be for all expenditures to date, less grant funds received to date, as verified by the financial general ledger.

**Note: The expenditures shall be net of all refunds, rebates, discounts, credits, and other adjustments, if any.**

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

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

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

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

The draw-down of grant funds from the granting agency shall be initiated by the Compliance Coordinator. 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 Program Budget Manager for their review and approval.

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

The Program Budget Manager’s 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.
- 4) Authorize [in writing] the Business Services Department to draw-down the available grant funds.

Upon approval from the Program Budget Manager, the Grants and Compliance Department shall prepare the paper or electronic draw-down request. The amount of the receivable shall be recorded on the general ledger and a copy of all supporting documentation such as the detailed general ledger, approval from the Program Budget Manager, and other supporting documentation shall be filed for audit purposes. The Accountant of Business and Operations shall prepare the journal ledger entry and the Director of Accounting shall post the to the finance general ledger.

If manual approval of an electronic draw-down is required by the granting agency, the Business Services Department shall comply with the additional requirements.

The Compliance Coordinator shall be responsible to ensure that the requested draw-down amount does not exceed a grant-specific draw-down amount, or percentage.

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

The final draw-down of grant funds from the granting agency shall be made within the allowable time frame. Unless the Federal awarding agency or pass-through entity authorizes an extension, a non-Federal entity must liquidate all obligations incurred under the Federal award not later than 90 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award. **[2 CFR 200.343(b)]** 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. The final draw-down shall be reviewed and approved in the same manner as a periodic draw-down.

The district shall promptly refund any balances of unobligated cash that the Federal awarding agency or pass-through entity paid in advance or paid and that are not authorized to be retained by the district for use in other projects. [2 CFR 200.344(d)]

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

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 Program Budget Manager and the Managing Director of Grants and Compliance shall jointly certify every draw-down of funds, including the final expenditure report (draw-down of funds) as noted below:

*By signing this report, we certify to the best of our knowledge and belief that the reports are true, complete and accurate, and the expenditures, disbursements and cash receipts are the purposes and objectives set forth in the terms and conditions of the federal award. We are aware that any false, fictitious, or fraudulent information or omission of any material fact, may subject us to criminal, civil, or administrative penalties for fraud, false statements, false claims or otherwise.*

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

If a final draw-down deadline is missed, the Managing Director of Grants and Compliance or designee 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.**

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

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

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

## **Receipt of Grant Funds**

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

The district shall record all grant fund receivables upon receipt from the granting agency. The receipt of grant funds shall be posted to the general ledger to the appropriate receivable account code. If the grant funds received do not match the recorded receivable, the Compliance Coordinator, shall contact the granting agency to determine the discrepancy. If the granting agency has reduced and/or increased the grant funds paid to the district, a general ledger adjustment shall be posted to the appropriate revenue and receivable accounts. The Compliance Coordinator shall prepare the adjusting journal ledger entry and the Director of Accounting shall 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 because of the cash reimbursement program.

## **Tracking and Recording Receivables**

On at least a monthly basis, the Business Services Department shall review all pending receivables. Aged receivables, defined as greater than 60 days from the date of recording, shall be investigated and resolved 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 Accountant of Business and Operations shall prepare the journal ledger entry and the Director of Accounting shall post the entry to the finance general ledger.

## **Grant Compliance Areas**

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

## Supplement, Not Supplant

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

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

***The penalties for supplanting are often severe. All federal funds involved in supplant normally must be returned to the federal government. Since audits are usually conducted after the grant period has ended, there is often no other alternative corrective action available other than returning the funds. (Excerpt: TEA Supplant, Not Supplant Handbook, 2019)***

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

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

- 1) Providing services required under state or local law.
- 2) Providing the same services as those provided in prior school years with state or local funds.
- 3) Providing the same services in Federal and Non-Federal Programs.

The Program Budget Manager shall review and approve all purchase orders and non-purchase order payments. The Program Budget Manager review shall include a determination if the planned purchase and/or expenditure meets 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 an addition to the overall federal funds requirements.

### **Comparability**

Comparability of services is a fiscal accountability requirement that applies to local educational agencies (LEAs) that receive funds under Title I, Part A of the Every Student Succeeds Act (ESSA). The intent of the comparability of services requirement is to ensure that an LEA does not discriminate (either intentionally or unintentionally) against its Title I schools when distributing resources funded from state and local sources simply because these schools receive federal funds. [\[TEA Title I, Part Comparability of Services Guidance Handbook, 2017\]](#)

The Grants and Compliance Department 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 Services Department shall note the exemption on the CAD and submit it to TEA. If the district is not exempt, the Business Services 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 Grants and Compliance Department shall follow the process outlined below [and illustrated on the workflow]

- 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 Program Budget Manager. After review and approval by the Program Budget Manager, the CAD and CCF should be forwarded to the Superintendent or designee 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 Business Services Department and Program Budget Manager shall work collaboratively to address the non-compliance. In addition, the district shall adjust the budgets as appropriate until the district is in compliance with the comparability requirement.

### **Indirect Cost**

The US Department of Education (USDE) has given TEA authority to issue indirect cost rates for independent school districts (districts), open-enrollment charter schools, and certain other government entities. To recover any indirect costs, these grantees must request and receive a new indirect cost rate for every school year.

Grantees that receive their indirect cost rates from TEA use the rates to recover their organization-wide administrative costs of managing federal grants, such as costs related to accounting, budgeting, purchasing, auditing, and payroll processing. TEA allows these grantees to use indirect cost rates to recover the organization-wide administrative costs of managing state grants as well.

Indirect cost rates must be requested by districts every year, and then calculated by TEA every year.

The Managing Director of Grants and Compliance or designee shall complete and submit an Indirect Cost Rate Proposal by the established deadline as specified by the pass-through entity (TEA) on [TEA's Indirect Cost webpage](#).

### **Maintenance of Effort**

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

## **ESSA MOE**

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

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

**NOTE: The Business Services 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 Program Budget Manager will need to know the prior year Special Education expenditures and the next fiscal year budgeted Special Education Expenditures. The Compliance Coordinator shall provide these amounts to the Program Budget Manager not later than June 30th to ensure that the most accurate amounts are reflected in the grant application. Changes to these amounts, as they are known, by the Compliance Coordinator shall be submitted to the Program Budget Manager, as appropriate.

### **Single Audit**

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

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

Upon receipt of the Single Audit, the Chief Financial Officer shall determine if the audit contains any Corrective Actions of Questioned Costs.

- If there are any Corrective Actions, an Action Plan to remedy the deficiencies shall be developed and implemented by the Chief Financial Officer.
- If there are any Questioned Costs, an Action Plan to reclassify the unallowed expenses shall be developed and implemented by the Chief Financial Officer.

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

## Reporting Requirements

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

- 1) Programmatic reports such as activity, progress and evaluations - Program Budget Manager
- 2) Expenditure reports such as interim, draw-down, and final expenditure reports – Compliance Coordinator.
- 3) Compliance Reports such as Comparability, Maintenance of Effort, Indirect Costs, etc. - Compliance Coordinator
- 4) Highly Qualified Staff reports - Human Resources Administrator

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

## Remedies for Non-Compliance

The district may be subject to consequences due to non-compliance with federal regulations. The district shall strive to maintain compliance, 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. **(2 CFR 200.344)** 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.
- Draw-down all the expended grant funds (reimbursement request) – Match the grant expenditure draw-downs with the finance general ledger.

- Certify that the final draw-down 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.

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

Under **2 CFR 200.344(h)**, if the non-Federal entity does not submit all reports in accordance with this section and the terms and conditions of the Federal Award, the Federal awarding agency must proceed to close out with the information available within one year of the period of performance end date.

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

- General and Fiscal Guidelines
- Program Guidelines
- Program-Specific Provisions and Assurances

## **Appendix A: COVID-19 Supplement to the State & Federal Grants Manual**

Federal grant management has become more complex during the COVID-19 pandemic due to the waivers and flexibilities to ongoing federal grant programs and the influx of additional federal grants such as Emergency and Secondary School Emergency Relief (ESSER) Grant Programs.

### **Elementary and Secondary School Emergency Relief (ESSER) Grant Programs**

ESSER grant funding is authorized in three pieces of legislation. As a result, the ESSER programs are administered by TEA as separate grant programs. An ESSER side-by-side is under development.

ESSER program information by federal legislation is provided below:

**[ESSER I Grant Program \(FAR code 266\)](#)** Authorized in [Title VIII, Division B, of the Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#), signed into law in March 2020. Period of availability is March 13, 2020 (with pre-award), to September 30, 2022 (with carryover).

**[CRRSA ESSER II Grant Program \(FAR code 281\)](#)** Authorized in [Title VIII, Division B, of the Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#), signed into law in March 2020. Period of availability is March 13, 2020 (with pre-award), to September 30, 2022 (with carryover).

[ARP ESSER III Grant Program \(FAR code 282\)](#) Authorized in the [American Rescue Plan Act \(ARP\)](#), signed into law in March 2021. Period of availability is March 13, 2020 (with pre-award), to September 30, 2024 (with carryover).

[ESSER-SUPP Grant Program \(FAR code 283\)](#) The Texas Legislature authorized under TEC Section 29.930 as added by House Bill 1525, 87th Legislature, Regular Session, a portion of the state’s discretionary ESSER III funding to provide additional resources to pay for unreimbursed costs due to the coronavirus pandemic and for intensive educational supports for students not performing satisfactorily.

Information related to these federal grant funds such as program guidelines, sample application, program-specific provisions and assurance, and critical event deadlines are available on the TEA Grant Opportunities webpage at: [GrantProgramDetails \(state.tx.us\)](#). TEA has created numerous resources to aid school districts in managing the federal grant funds such as:

- [ESSER Side-by-Side Requirements Document](#)
- [ESSER FAQ](#)
- [ESSER FAQ Submission](#)
- [ESSER Justification/Documentation of Allowable Users of ESSER Funds](#)
- [Pre-Approval for Construction, Remodeling, Alteration, Renovation, or Repair Costs](#)

Other federal and/or state pandemic-related grants are also available. Information on some of the additional grant opportunities is available on the TEA COVID-19 webpage at: grants are at: [Coronavirus \(COVID-19\) Support and Guidance | Texas Education Agency](#)

### **Federal Grant Management COVID-19 Related Provisions**

In addition to the general federal grant management provisions in the State and Federal Grant’s Manual, the following changes have been implemented to ensure compliance with the new federal grant funds.

### **Grant Application Process**

The Managing Director of Grants and Compliance and Chief Financial Officer, or designee shall be responsible for leading the development of the ESSER grant applications. Due to the substantial supplanting of state funds, some districts have opted to assign an administrator, other than an existing federal grant coordinator/director to complete and submit the ESSER federal grant applications.

## **Budgeting ESSER Grant Funds**

Due to the opportunity to budget and expend ESSER federal grant funds as a pre-award costs retroactively to March 2020, the Managing Director of Grants and Compliance and Chief Financial Officer shall work collaboratively to ensure that the ESSER federal grant funds are budgeted and expended in each fiscal year in accordance with the ESSER grant application.

The Business Services department, shall budget ESSER grant funds in the appropriate fund code as authorized by Financial Accountability System Resource Guide, or the granting agency, as appropriate.

## **Period of Performance (Obligations)**

The district shall ensure that the period of performance for the ESSER grant funds matches both the NOGA grant period and the specific quarters/fiscal years as noted on the grant application. The Managing Director of Grants and Compliance or designee shall be responsible to oversee that all costs for ESSER grants are in compliance with both requirements.

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

The district shall utilize either the [ESSER Justification/Documentation of Allowable Users of ESSER Funds](#) or a local similar form to document all ESSER grant fund expenditures. The district's purchasing procedures shall be utilized for all ESSER grant fund purchases.

Construction projects with ESSER grant funds shall be pre-approved by TEA before the bid process or construction begins. The [Pre-Approval for Construction, Remodeling, Alteration, Renovation, or Repair Costs](#) form shall be used to secure the preapproval from TEA. All Davis-Bacon Act requirements shall be adhered to if using ESSER grant funds for construction. The Director of Construction Services shall monitor and ensure compliance with the Davis Bacon Act including the use of prevailing wages and posting the legally required Davis Bacon Act poster.

## **Property Standards and Management**

All assets purchased with ESSER grant funds shall be added to the district's asset inventory records in compliance with EDGAR. The funding source, such as ESSER I, II or III shall be part of the asset records.

The ESSER-funded assets shall be labeled with a federal grant program. The district will not purchase assets with ESSER grant funds. The district will not use ESSER grant funds for construction.



Fixed Assets procedures reflecting changes due to the USDE COVID-19 flexibilities have been included.

### **Cost Principles – Allowable Costs**

Although there is great flexibility with the use of the ESSER grant funds, the district shall ensure that all grant expenditures are 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. Specifically, the allowable costs shall be in compliance with the ESSER grant application and the statutorily allowed activities.

#### **The following costs are unallowable with ESSER grant funds:**

- Bonuses, merit pay, or similar expenditures, unless related to disruptions or closures related to COVID-19
- Subsidizing or offsetting executive salaries and benefits or individuals who are not LEA employees
- Expenditures related to state or local teach or faculty unions or associations
- Construction costs without prior written approval from TEA

### **Compensation and Benefits**

The district shall utilize the School Board approved compensation plan for all payments with ESSER grant funds. Additional compensation strategies such as one-time payments, retention payments, etc. shall be approved by the School Board as part of the district’s compensation plan. Incentives are not allowed with federal grant funds; therefore, the district will not utilize ESSER grant funds to pay incentives to staff or others.

### **Job Descriptions for ESSER Grant Funded Staff**

The Human Resources Department shall develop and distribute a job description to all district staff that is wholly or partially funded with ESSER grant funds. The job description shall include the funding source(s) and the job duties as they relate to the grant position.

### **Time and Effort Documentation**

District staff wholly paid from ESSER grant funds will not be required to comply with federal guidelines related to time and effort. An LEA must maintain time distribution records (sometimes called “time and effort” reporting) only if an individual employee is split-funded between ESSER and activities that are not allowable under the ESSER program. The Managing Director of Grants and Compliance shall collect,

review, and monitor compliance with the time and effort federal guidelines, for ESSER-funded staff that are split-funded between ESSER and non-ESSER funds.

### **Supplement to Travel Procedures**

COVID-19 Related Flexibilities: In accordance with the USDE COVID-19 flexibilities for federal grant funds: [Select Questions Related to Use of Department of Education Grant Funds \(PDF\)](#), the district has implemented the temporary changes to the Travel Procedures as noted below:

#### **Canceled Events**

If a conference, training, or other activity related to a federal grant is canceled due to COVID-19, grant funds may be used to reimburse nonrefundable travel (e.g., conveyance or lodging) or registration costs that were properly chargeable to the grant at the time of booking if the district takes the following steps first:

- Contact provider/vendor to seek a refund of the pre-paid costs
- If a refund is not available, seek a credit to use the funds in the future

If the district is unable to recover the payment (refund or credit), the district shall charge the appropriate federal grant fund provided the costs were reasonable and incurred in order to carry out an allowable activity under the grant.

The department or campus who initiated the travel shall be responsible to initiate contact with the provider/vendor to request a refund or credit. The grant manager shall oversee and track all travel costs paid with federal grants that are pending refund or credit. After all proactive steps have been taken, the Managing Director of Grants and Compliance or designee shall review the documentation on a case-by-case basis to determine if the travel cost(s) with federal grant funds will be expensed to the federal grant fund.

The district will/will not plan future travel with federal grant funds during the ongoing COVID-19 pandemic. If the district will plan future travel with federal grants funds, the district will/will not purchase travel insurance (an allowable cost if reasonable and allocable).

#### **Use of Federally Funded Assets – During COVID-19 Pandemic**

In accordance with the USDE Fact Sheet for Repurposing Federal Equipment and Supplies to Combat COVID-10 (April 29, 2020), the District may temporarily repurpose federally purchased equipment and

supplies that are not currently in use to carry out a USDE grant program to meet the general education needs of students, including students with disabilities and English learners, and the instructional needs of teachers, related service providers, and other educational personnel during the national emergency caused by COVID-19.

A request to temporarily repurpose federally purchased equipment and supplies under this provision shall be submitted to the grant manager overseeing the USDE federal program that holds the title to the equipment and/or supplies. Upon approval of the request, a record shall be created to track the use of the equipment and/or supplies to include the following:

- (1) a description and itemization of the type of equipment or supplies being temporarily repurposed.
- (2) the source (Federal program(s) funds involved) from which the temporarily repurposed equipment or supplies were purchased, and the amount of Federal funds used for the purchase.
- (3) where the equipment or supplies are assigned for use during the duration of the COVID-19 national emergency.
- (4) the date on which the equipment or non-consumed supplies are returned for Federal program purposes.

At the end of the temporary repurpose of the equipment and/or supplies, or the end of the COVID-19 national emergency, whichever comes first, the equipment and supplies shall be returned to the USDE federal program that holds title to the equipment and supplies. If the equipment or supplies are damaged, lost or otherwise not usable by the original program, the district shall replace the items with non-federal funds to ensure continued benefit to the original program.

The record of the temporary repurposed items must be retained for a period of three (3) years.

### **Program-Specific Requirements**

#### **ESSER I – Fund 266**

The intent and purpose of the CARES Act education funding is to prevent, prepare for, and respond to the coronavirus.

## **ESSER II - Fund 281**

The intent and purpose of the CRRSA Act of 2021, ESSER II funding is to prevent, prepare for, or respond to the COVID-19 pandemic, including its impact on the social, emotional, mental health, and academic needs of students.

## **ESSER III – Fund 282**

The intent and purpose of ARP of 2021, ESSER III funding is to help safely reopen and sustain the safe operation of schools and address the impact of the coronavirus pandemic on students.

The district shall create and maintain an ESSER III Use of Funds Plan after conducting meaningful consultation with required stakeholders. The Plan shall be prominently posted on the district’s website. The Managing Director of Grants and Compliance and Chief Financial Officer or designee shall be responsible for oversight, update and posting of the ESSER III Use of Funds Plan.

The district shall create an LEA Safe Return to In-Person Instruction and Continuity of Service Plan Requirements plan. The plan must also be reviewed and, as appropriate, revised every six months until September 30, 2023, including stakeholder input and public comment. If the LEA revises its plan, the revised plan must address each of the aspects of safety currently recommended by the CDC at the time of the revision or, if the CDC has updated its safety recommendations at the time the LEA is revising its plan, each of the updated safety recommendations.

The Chief Financial Officer or designee shall be responsible for oversight, update and posting of the LEA Safe Return to In-Person Instruction and Continuity of Service Plan.

ESSER III requires a minimum of 20% for learning loss strategies. The school district must expend a minimum of 20% of their grant funds on evidence -based interventions, such as summer learning, extended day comprehensive after -school programs, or extended school year programs. Secondly, the district must ensure interventions respond to students’ academic, social, and emotional needs and address disproportionate impact of coronavirus on student populations as defined in ESEA, Title I, Part A; students experiencing homelessness; and youth in foster care.

The Chief Financial Officer, Chief Academic Officer and Managing Director of Grants and Compliance shall work collaboratively to ensure that at least 20% of the ESSER III grant funds are used in compliance with the learning loss requirements. The Managing Director of Grants and Compliance or designee shall

be responsible for monitoring the ongoing expenditures directly related to learning loss strategies to ensure compliance with this requirement.

### **ESSER III SUPP – Fund 283**

The intent of the ESSER-SUPP grant is to provide additional resources to pay for unreimbursed costs due to the coronavirus pandemic and for intensive educational support for students not performing satisfactorily. The intent and purpose of ARP of 2021, ESSER III funding is to help safely reopen and sustain the safe operation of schools and address the impact of the coronavirus pandemic on students.

The legislature appropriated these grants based on the LEA receiving no or insufficient ESSER II and ESSER III funding (Insufficient ESSER Funding) and to address insufficient projected costs for learning loss recovery (Academic Enrichment/Learning Loss). Therefore, the expenditure of grant funds must be tracked to these percentages. The grantee must expend a minimum of 62.5% of funds for academic enrichment activities to address learning loss caused by lost instructional time.

The Chief Financial Officer, Chief Academic Officer and Managing Director of Grants and Compliance shall work collaboratively to ensure that at least 62.5% of the ESSER III SUPP grant funds are used for academic enrichment activities to address learning loss requirements. The Managing Director of Grants and Compliance or designee shall be responsible for monitoring the ongoing expenditures directly related to learning loss strategies to ensure compliance with this requirement.

### **ESSER Grant Compliance Requirements**

#### **Supplement, Not Supplant**

LEAs may supplant locally with ESSER funds. Due to having no supplement, not supplant requirement, an LEA may use its unrestricted indirect cost rate for these grants.

#### **Maintenance of Effort (MOE)**

There is no Maintenance of Effort requirement for ESSER I and II grant funds. However, the district will evaluate the impact on ESSA and IDEA-B MOE if the district chooses to reclassify local and state funds to ESSER grant funds.

## **Equitable for Service for Private Not Profit**

For ESSER I grant funds, the district shall provide equitable services to participating private non-profit schools per Title I, Part A Equitable Services Provisions. The Managing Director of Grants and Compliance and Assistant Director of Federal Programs shall oversee compliance with these provisions. This provision does not apply to ESSER II or ESSER III grant funds. **(Section 18005 of the Cares Act)**

## **Maintenance of Equity (MOEquity)**

A new requirement for Maintenance of Equity (MOQ) applies only to ESSER III (and other grants authorized under the ARP). The local MOEquity requirement is that LEAs shall not reduce (1) per-pupil spending of state and local funds, or (2) FTEs, for any high poverty school by an amount that exceeds the total reduction(s) within the LEA. "High poverty school" is defined as a school with a higher percentage of economically disadvantaged students than the median school percentage of the LEA or the LEA's grade span (based on Title I, Part A economically disadvantaged student data).

The Managing Director of Grants and Compliance and Chief Financial Officer, or designee shall ensure that the district is in compliance with the MOEquity requirement. The district must comply with this requirement through September 2023.

The district is not automatically exempt from MOEquity compliance.

## **USDE COVID-19 Waivers and Flexibilities**

Several COVID-19 Waivers and Flexibilities were made available to federal grantees (school districts). A list of some of the flexibilities are noted below:

- [Procuring, Donating, or Loaning Personal Protective Equipment and Other Medical Supplies and Equipment Purchased with Federal Funds Updated November 2, 2020](#)
- [Fact Sheet Regarding Contracted Services Not Performed Due to COVID-19 Updated August 2020](#)
- [Fact Sheet for Repurposing Federal Equipment and Supplies to Combat COVID-19 Updated October 2020](#)
- [Fact Sheet: Select Questions Related to Use of Department of Education Grant Funds During the Novel Coronavirus Disease 2019, April 8, 2020](#)

## Exhibit 1-Federal Program Management

|   |                        |
|---|------------------------|
| Deputy Superintendent   | Dr. Todd Fouche        |
| Associate Deputy Superintendent   | Dr. Wes Cunningham     |
| Chief Student Services Officer  | Erin Miller            |
| Chief Financial and Strategy Officer  | Kimberly Smith, CPA    |
| Managing Director of Grants and Compliance  | Melanie Schroeder      |
| Director of Accounting  | Robin J. Turnbull, CPA |
| Director of Purchasing  | Susan Patterson        |
| Director of Payroll   | Laura Patton           |
| Director of Finance   | Reisha Hall            |
| Executive Director of Special Education   | Dr. Garrett Jackson    |
| Managing Director of Special Education  | vacant                 |
| Managing Director of Special Education  | Christine Davis        |
| Managing Director of Special Education  | Dr. Nicole Park        |
| Managing Director of Assessment & Accountability<br><i>Title I, Title II, Title III, Title IV, Compensatory Education</i> | Dr. Gary Nye           |
| Director of School Supports<br><i>Title I, Title II, Title III, Title IV, Compensatory Education</i>                      | Dr. Manuel Gonzales    |
| Director of Special Programs<br><i>Head Start, Bilingual/ESL/Dyslexia</i>   | Paige Brewer           |
| Managing Director of Academic Programs  | Dr. Amy Harp           |
| Coordinator of Career and Technical Education   | Dr. Victor Jones       |

## Exhibit 2-Organization Chart





**Superintendent's Certification**

**Developed in Compliance with the Education Department General  
Administrative Regulations  
(EDGAR) Standards**

These procedures shall constitute the administrative regulations of the District, defining the standard operating procedures related to the administration of federal and state grants. These procedures shall be reviewed by the Superintendent annually, or as appropriate if changes to federal, state or local regulations warrant, in accordance with Frisco Independent School District Board of Trustees Policy BP Local.

**Reviewed:**



**Dr. Mike Waldrip, Superintendent, Frisco Independent School District**

**Date:**

7.15.24