



# State & Federal Grants Manual

**2018-2019**

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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 Business Operations 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 shall constitute the administrative regulations of the District and shall consist of guidelines, handbooks, manuals, forms, and any other documents defining standard operating procedures. The Associate Superintendent of Finance, or his designee, 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.

### **Business Department Vision Statement:**

The Finance Division will provide the highest degree of customer service through communication, training and technology for the enhancement of student success.

### **Business Department Mission Statement:**

The Finance Division of Ysleta ISD encompasses the following functions: Accounting, Budget, Payroll, Purchasing Services, Records Management, and Student Attendance Accounting. The Division will process and record all District transactions accurately and timely, while maintaining compliance with Federal and State regulations and extending exceptional customer service.

## Business Department Staff

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

<b>Title</b>	<b>Name</b>	<b>Extension</b>
Chief Financial Officer	Lynly G. Leeper	40050
Comptroller	Mary Haynie	40201
Accounting and Payroll Director	Kathleen Turner	40271
Fund Accountant (grants and accounts payable)	Becky Friesenhahn	40248
School Fund Accountant (activity funds and cashiers)	Jennifer Delgadillo	40249
Property Control Officer	Gilbert Rodriguez	40245
Travel Clerk	Cheryl Mata	40258
Lead Accounts Payable Clerk	Gaby Hernandez	40257
Budget Director	Maria Ontiveros	40221
Budget Specialist	Isidra Ochoa	40226
Budget Analyst	Roland Viera	40225
Payroll Accountant	Edie Zalace	40277
Purchasing Director	Christine Gerlach	40288
Senior Buyer	Andrea Amiri	40299
Senior Buyer	Patty Delgado	40289
Senior Buyer	Monica Vasquez	40291
Records Management Supervisor (transcripts, open records requests, records retention)	Laura Guerra	40211
Risk Management Director	Lory Quintela	40472
Risk Management Coordinator	Ernie Landeros	40455
Risk Management & Safety Tech.	Lou Ann Estrada	40482
Risk Management Leave of Absence	Elizabeth Eck	40404

All Business Department staff are expected to comply with the:

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

### **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 audit field work by the district's external audit firm.

The Accounting Director 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

### **Journal Entries (†)**

All general ledger entries shall be in balance (debits shall equal credits). A Journal Voucher form or a screen shot of the Journal Entry from the Financial System shall be used to document all entries. Supporting documentation for the entry shall be scanned and stored in the financial system. All journal entries shall be numbered for tracking purposes. An automated numbering system shall be utilized by the district. The following positions shall be authorized to create journal entries:

Accounting and Payroll Director	Cashier	Budget Specialist
Fund Accountant	Athletic Cashier	Staff Accountant
School Fund Accountant	Travel Clerk	Comptroller
Property Control Officer	PT Travel Clerk	
Accounting Specialist	Budget Director	

The following positions shall be authorized to approve and post journal entries entered by another person to the general ledger:

Accounting and Payroll Director  
Fund Accountant  
School Fund Accountant  
Budget Director  
Comptroller

All payroll general journals shall be interfaced to the finance system by the payroll department. The Accounting and Payroll Director, or Payroll Accountant shall verify that the pre-post payroll general journals and the finance payroll general journals in balance and posted accurately to the general ledger. All payroll general journals must be posted to the finance general ledger no later than the actual pay date.

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

The Accounting and Payroll Director shall prepare the monthly Financial Reports that are presented to the Ysleta ISD Board of Trustees for approval. The Accounting and Payroll Director or Budget Director shall also prepare the check register report on a monthly basis and ensure that it is posted to the District website in a timely manner.

The Accounting and Payroll Director shall review the general ledger on a monthly basis to ensure the accuracy of fund accounting by running diagnostic reports within the financial system.

### **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 balance 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 deposited 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. However, posting will be based on the year and period fields, not on the date of the transaction entry. Certain positions will be allowed permission to post entries to prior periods within the same fiscal year.

- **Account code(s)** – the proper account code shall be used for all transactions
- **Journal [transaction] 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. Automated, system-generated general ledger entries shall be easily distinguished from manual general ledger entries based on the source type in the system.
- **The credit and debit amounts**– the total debits must match the total credits, except in cases where a system error has occurred and a one-sided entry is required to correct the error. In this case, the Accounting Director is authorized to enter such one-sided entries as may be identified via the financial system error diagnostic reports, and post such entry.
- **Reason for the general ledger transaction** – the reason should explain the rationale for the transaction such as cash receipt number, adjustment to budget/expense, etc.
- **Supporting document** – supporting documentation, if any, shall be attached to the journal entry form for audit tracking purposes and scanned and stored in the system. Much of this information is maintained and recorded automatically in the financial system software.

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

- **Check date** – the system-generated general ledger transaction should reflect the check date
- **Account code(s)** – the account codes charged for all payroll disbursements, including liability accounts, should exist in the general ledger prior to posting the system-generated journal entries. [Note: During the payroll posting process, the TIS 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 Budget Specialist or the Budget Analyst to ensure that the appropriate accounts are created in the finance system.

## End of Month Process

Within 20 days after the end of the month, all end-of-month reports should be printed and verified and the end-of-month process completed. There are four (4) steps in completing the End-of-Month process as listed below:

- Reconciliation of all bank accounts
- EOM Activities (Run grant and child nutrition reports, posting of EOM journal entries)
- Run the Table Validation Report to ensure the accuracy and balancing of the general ledger
- Process the EOM Close



## 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 45 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, as reflected on the respective monthly statement.
- **Reconcile all revenue accounts with amounts received and/or earned as of June 30** – 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, 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, shall be posted to the general ledger. The amounts due for all goods and/or services received as of June 30 are classified as accounts payable and paid during the next fiscal year. The district has established a July 30 cut-off for prior year accounts payables, unless the accounts payable expense is material and is known prior to the end of the audit field work. [Note. The accounts payable account (2111) in the prior fiscal year and the next fiscal year must be in balance.]
- **Reconcile all accrued wages and benefits as of June 30** – 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).
- **Reconcile all prepaid expenses as of June 30** – All prepaid expenses shall be posted to the general ledger to object code 1411. A prepaid expense is typically one that represents a disbursement of funds (payment) for goods or services that will be received or utilized in the next fiscal year. For example, a maintenance agreement that has a term of January 1<sup>st</sup> through December 31<sup>st</sup>, would have an expense for 6 months in the current fiscal and a prepaid expense of 6 months at the end of the fiscal year. [Note. The prepaid expenses should be cleared in the next fiscal year by posting the expense to the appropriate expense account code(s)].

- **Reconcile the fixed assets ledger with all fixed asset additions, deletions, or changes** – All assets (as defined in district regulation CFB-R) acquired during the fiscal year shall be added to the fixed asset ledger. All disposed assets (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 in Fund Code 901.
- **Reconcile the fund balance as of June 30** – All changes, reductions, additions, and/or designations [restricted, committed, assigned, etc.] of fund balance accounts shall be posted to the general ledger. [Note. Changes to the committed fund balances should be supported by minutes of Board approval. The Associate Superintendent of Finance and the Budget Director are authorized by the School Board to assign fund balances.]

### Segregation of Duties (†)

At a minimum, the business office 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** 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 [list of all records destroyed] is a permanent document. Unless a record that has been destroyed is specifically listed on a Destruction Schedule, it is presumed to still exist.

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

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

- Microsoft products such as Word, Excel, Access, etc.
- Financial Management System, Finance, HR, Assets, Purchasing, etc. modules

The Records Custodian for the financial records of the district is the Records Management Specialist. All questions related to the retention, destruction, and/or addition of new record series shall be directed to the District's Records Management Specialist.

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

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

Unless 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.

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

The business office 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.

### **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. 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 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 the TIS system administrator. 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 the 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 violations the Responsible Use Guidelines. Each staff member shall sign a Responsible Use Guidelines every fiscal year.

### **Business Staff Training (†)**

Every staff member will be provided with the opportunity to attend training. This training may be provided by external vendors, or internally within the district.

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

In an effort to support compliance of fiscal policies and procedures, the business office shall conduct annual training for campus and department administrative and support staff, as appropriate. The Finance Division and the Federal and State Programs Department shall be responsible for providing such training. Critical training areas shall include, but not be limited to:

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

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

The Office for Grants and Fiscal Compliance (GFC) at Texas Education Agency is responsible for managing all discretionary and formula grants, ensuring the agency's compliance with federal

grant requirements, and conducting audits and reviews of all local educational agencies (LEAs). The department houses the following divisions:

- Division of Grants Administration
- Division of Federal Program Compliance
- Division of Financial Compliance

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.

### 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, Code of Federal Regulations (CFR), Parts 75-79, 81 to 86 and 97-99 EDGAR is currently in transition. For awards made prior to 12/26/2014, EDGAR Parts 74 and 80 still apply. For awards made on or after 12/26/2014, 2 CFR Part 200, which includes the substance formerly in parts 74 and 80, applies. For state-administered federal grants, TEA shall notify the district on the Notice of Grant Award (NOGA) of the applicable administrative regulations. The State and Federal Grants Addendum contains guidance for pre-December 26, 2014 federal grant awards. The date of the award to the district (or pass-through entity such as TEA) shall determine the appropriate regulations.

When the district's local policies and/or procedures conflict with the federal regulations, the district shall comply with the more restrictive regulations shall be adhered to 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

The EDGAR in its entirety can be accessed at:

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

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

#### Finance Department

- Assisting the grant administrator with budgeting grants funds. Preparing and posting the initial budget and all amendments to the general ledger.
- Assisting the Human Resources department with determining the payroll distribution code(s) for all grant-funded staff.
- Preparing all grant-related financial reports (monthly, quarterly and/or annual).
- Preparing all financial records for the annual financial audit and single audit, as appropriate.
- Ensuring compliance with the FASRG in coding all payroll and non-payroll expenditures.
- Adjusting the general ledger, as appropriate, after the Grant Manager's reconciliation of the time and effort reports, as appropriate if adjustments are necessary
- Managing the day-to-day cash needs for grant expenditures and drawing-down cash reimbursements, as appropriate
- Managing all purchasing and contractual commitments in compliance with the grant periods and allowable cost principles
- Retaining all financial records for the required length of time (5 years) for audit purposes
- Managing all fixed assets and ensuring compliance with the inventory and disposition federal guidelines

#### Human Resources Department

- Assisting the grant administrator with the recruitment and hiring of all grant-funded staff
- Ensuring that all grant-funded staff meet the Highly Qualified Staff federal guidelines, as appropriate and all state certification requirements
- 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 (Includes base salaries, stipends and extra-duty rates of pay)

- Assisting the grant administrator with determining the position title, Role ID and other salary information for use in completing the grant application
- Retaining all personnel records for the required length of time (5 years) for audit purposes

#### Grant Administrator

- Working cooperatively with the campus administrative staff to ensure that all grant activities are collaboratively planned and appropriate to each campus.
- Providing supporting documentation for budgeted grants funds and submitting all grant amendments to the finance department to facilitate budget amendments.
- Preparing all grant-related programmatic (evaluation) reports (monthly, quarterly and/or annual).
- Ensuring compliance with the FASRG in coding all payroll and non-payroll expenditures.
- Receiving and monitoring the time and effort reports, as appropriate, and submitting adjustments, if any, to the finance department
- Monitoring the spending thresholds throughout the grant period to ensure that the grant activities are being conducted systematically throughout the grant period
- Reviewing and approving all purchasing and contractual commitments in compliance with the grant periods and allowable cost principles
- Retaining all grant records for the required length of time (5 years) for audit purposes
- Providing information to the Human Resources department regarding the number and type of grant-funded positions approved in the grant application by the granting authority
- Verifying with the HR department that all grant-funded staff meet the Highly Qualified Staff federal guidelines, as appropriate and all state certification requirements
- 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.

## 900 State and Federal Programs/Grants (†)

### 901 State Programs – Allotments

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

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

- |   |            |   |
|---|------------|---|
| ▪ <b>Special Education</b>                  | <b>52%</b> | <b>PIC 23/33</b>                        |
| ▪ <b>Career &amp; Technical Education</b>   | <b>58%</b> | <b>PIC 22</b>                           |
| ▪ <b>Gifted &amp; Talented Education</b>    | <b>55%</b> | <b>PIC 21</b>                           |
| ▪ <b>State Compensatory Education (SCE)</b> | <b>52%</b> | <b>PIC 24-30/34 (except 25&amp; 27)</b> |
| ▪ <b>Bilingual/ESL Education</b>            | <b>52%</b> | <b>PIC 25/35</b>                        |

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

- |   |  |
|---|--|
| ▪ <b>Special Education</b>                  | <b>Director, Special Education</b>   |
| ▪ <b>Career &amp; Technical Education</b>   | <b>Director, Career and Technical Education</b>  |
| ▪ <b>Gifted &amp; Talented Education</b>    | <b>Director of Elementary Literacy initiatives and<br/>Director of Secondary Education</b> |
| ▪ <b>State Compensatory Education (SCE)</b> | <b>Director, Federal and State Programs</b>  |
| ▪ <b>Bilingual/ESL Education</b>            | <b>Director, Academic Language Programs</b>  |

These directors shall also be responsible for the financial compliance in each of these special programs. Financial compliance shall include, but is not limited to: budgeting & monitoring, and approval of expenditures. The Finance Department shall be responsible for financial reporting to TEA, and coordinating information needed for financial audits.



As part of the budget adoption process, the Budget Director 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 Budget Director 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 Budget Director shall ensure that the deficit amount is budgeted in the following fiscal year.

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

Basic Services – PIC 1X

- PIC 11 Basic Educational Services

Enhanced Services – PIC 2X – 3X

- PIC 21 Gifted & Talented
- PIC 22 Career & Technical Education
- PIC 23/33 Special Education
- PIC 24/34 Accelerated Education (State Compensatory Education)
- PIC 25 /35 Bilingual and ESL Education
- PIC 26 Non-Disciplinary Alternative Education Program
- PIC 28 Disciplinary Alternative Education Program – Basic
- PIC 29 Disciplinary Alternative Education Program – SCE Supplemental
- PIC 30 Title I, Part A Schoolwide Activities related to SCE (Campuses with 40% or more educationally disadvantaged students)
- PIC 31 High School Allotment

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

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

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

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

Principals and Department Directors shall review the Position Control Report and ensure its accuracy throughout the year. The Position Control report shall include the employee name and number, position, account code and annual salary amount.

### **901.1 Gifted and Talented**

The Gifted and Talented program must adhere to state law, Texas Education Code (TEC) 29.121 and TEC 42.156. Chapter 29 addresses the programmatic guidelines related to eligibility, identification, and program services. Chapter 42 addresses the funding weight(s) and allowable costs.

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

The Special Program Administrator with oversight responsibility to certify the Gifted & Talented special program data prior to submission to TEA shall be the Director of Elementary Literacy Initiatives and the Director of Secondary Education.

### **901.2 Career and Technical Education (CATE)**

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.

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

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

### **901.3 Special Education**

The Special Education program must adhere to state law, Texas Education Code (TEC) 29.003 and TEC 42.151. Chapter 29 addresses the programmatic guidelines related to eligibility, identification, and program services. Chapter 42 addresses the funding weight(s) and allowable costs.

Specifically, each school district shall identify students eligible for the Special Education program and serve the students in an appropriate manner to obtain state funds. The student's Individualized Education Plan (IEP) shall serve as the official document to support that each student is eligible for special education, the type of instructional arrangement, and the number of contact hours to be served in a special education setting. All student identification and enrollment shall meet the special program guidelines in the Student Attendance Accounting Handbook (SAAH). Student enrollment data shall be submitted to TEA through the PEIMS Fall Submission as of the snapshot date. The attendance and/or contact hour data for funding purposes shall be submitted to TEA through the PEIMS Summer Submission.

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

### **901.4 Compensatory Education (SCE)**

The Compensatory Education program must adhere to state law, Texas Education Code (TEC) 29.081 and TEC 42152. Chapter 29 addresses the programmatic guidelines related to eligibility, "at risk" identification, and program services. Chapter 42 addresses the funding formula and allowable costs. The SCE program is funded based on the highest six (6) months of free and reduced lunch eligibility students in the prior school year. The Child Nutrition Department shall provide the monthly counts of free and reduced lunch eligibility to the finance department.

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

The SCE program compliance is unlike the other special programs in that it requires specific documentation as outlined in the Financial Accounting System Resource Guide (FASRG) Module 9. The District Improvement Plan (DIP) and Campus Improvement Plans (CIP) are the primary

source of documentation for the expenditure of SCE funds. According to TEA, annually within 150 days after the last day permissible to send data for the PEIMS data FINAL Midyear resubmission 2 (typically late July), the District shall electronically submit a PDF version of the DIP and at least two (2) CIPs through the TEASE system. The determination regarding which CIPs to submit to TEA shall be based on the TEA guidelines in the FASRG, Module 9.1.2 Summary of Filing Requirements. The District will develop submission deadlines to ensure compliance with TEA submission deadlines.

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 9 State Compensatory Education.

### **901.5 Bilingual and ESL**

The Bilingual and ESL program must adhere to state law, Texas Education Code (TEC) 29.053 and TEC 42.153. Chapter 29 addresses the programmatic guidelines related to eligibility, identification, and program services. Chapter 42 addresses the funding weight(s) and allowable costs.

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

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

### **901.6 High School Allotment**

The use of the High School Allotment must adhere to state law, Texas Education Code (TEC) 39.234 and TEC 42.160. Chapter 39 addresses the programmatic guidelines related to program services. Chapter 42 addresses the funding weight(s) and allowable costs. Funding amounts are based on \$275 per student in average daily attendance in grades 9 through 12.

Districts may use funds for campus-level or district-wide initiatives for students in grades 6-12. Allowable uses include:

- professional development for teachers providing instruction in advanced academic courses such as Advanced Placement (AP)
- hiring of additional teachers to allow for smaller class sizes in critical content areas
- fees for students taking dual credit classes and ACT/SAT tests
- academic support, such as AVID and AP strategies, to support at-risk students in challenging courses
- credit recovery programs
- activities supporting college readiness and awareness, including transportation for college visits

Please see [Commissioner's Rules Concerning High School Allotment](#) for detailed allowable uses of these funds. The [High School Allotment Guide](#) is also an excellent resource and shall be made available to all campus principals as a guide during the budget development process.

The Executive Director of Secondary Education with oversight responsibility of the High School Allotment program shall determine the allocation per campus and provide guidance to each secondary campus regarding the use of the HSA funds.

## **902 Federal Grants**

Acronyms and definitions related to federal grant management are listed in the EDGAR, Subpart A, 200.1 through 200.99 and may be accessed at: <http://www.ecfr.gov/cgi-bin/text-idx?SID=bce3e6e14adb00a7863cc39935f3e35e&node=sg2.1.200.a.sg0&rgn=div7>

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/The District**

1. 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 District shall reclassify fraudulent expenditures made with federal grant awards to local district funds, i.e. the General Fund. The Grant Manager shall be responsible for overseeing, reporting and documenting any fraud, abuse or waste of federal grant funds.
2. All district employees are prohibited from soliciting gifts or tokens from vendors or other parties who are affected by (or have an interest in) a federal grant award.

In addition, all district employees are prohibited from accepting unsolicited gifts or tokens from vendors or other parties who are affected by (or have an interest in) a federal grant award that exceed an nominal (individual) value of \$25 and an aggregate value of \$100 in a fiscal year. The unsolicited gifts or tokens may not include the following:

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

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

### **General Provisions/Conflict of Interest/Purchasing Department:**

The District shall comply with all General Provisions of EDGAR (Subpart B). The Purchasing Department has established a conflict of interest policy for all awards. Specific areas of compliance are noted below:

1. Purchasing Department Personnel:
  - Purchasing team member, will sign a confidentiality form at the start of each school year.
  - The Local Government Officer Conflicts Disclosure (CIS) statement shall be completed by all purchasing staff, if applicable.
2. Evaluation Committee: The Local Government Officer Conflicts Disclosure (CIS) statement shall be completed by all district staff involved in purchasing evaluation committee, if applicable.
3. Quotes:
  - Annual – must have at a minimum two (2) written quotes, a “no quote” is not acceptable. Three (3) written quotes, if Child Nutrition.
  - Verbal/ EDGAR - not to exceed \$10,000 per commodity for “like-type” aggregate by school year.
  - Written/Texas Workforce Commission, \$3,000 or more per PO - must have at a minimum two (2) written quotes, a “no quote” is not acceptable.
  - Written/Child Nutrition, \$10,000 or more per PO - must have at a minimum three (3) written quotes, a “no quote” is not acceptable
  - Written, \$10,000 or more per PO - must have at a minimum two (2) written quotes, a “no quote” is not acceptable.
  - Not to exceed \$50,000 per commodity for “like-type” aggregate by school year the combined totals of annual, verbal, and written quotes.
4. Vendors: The Conflict of Interest Questionnaire (CIQ) shall be completed by all vendors doing business with the district.

Conflict of interests, if any are reported, shall be posted on the district’s website. Grant Manager will report to the granting agency.

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

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

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. Complying with the federal grant award fiscal guidelines and allowable cost principles

3. Ensuring that all grant-related staff are properly trained in their respective grants management role on at least an annual basis.
4. Implementing grant management procedures and internal controls

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

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

### **902.1 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, No Child Left Behind (NCLB), Individuals with Disabilities Education Act (IDEA), and Carl D. Perkins. The “maximum” and/or “final” entitlement awards for the district are posted on the TEA Grants Management webpage at: <http://tea.texas.gov/index4.aspx?id=5040>. The appropriate grant manager shall obtain the annual entitlement amounts and begin the grant development process with the appropriate stakeholders.

A list of competitive grants administered by the TEA are also posted on the TEA Grants Management webpage at: <http://tea.texas.gov/index2.aspx?id=2147487872>. The appropriate grant manager shall obtain the competitive grant information to determine whether the grant(s) is appropriate for the district. Some competitive grants may have matching-funds and/or in-kind payment requirements which may place a burden on the district’s available financial resources.

TEA’s Grant Opportunities webpage provides a wealth of information related to available grants such as:

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



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

The school district's grant application process for federal grants is as follows:

Entitlement Grants – Director of Federal and State Grants prepares the grant application and routes it for approval through the Associate Superintendent and Superintendent.

Discretionary Grants - Grant Administrator prepares the grant application and routes it for approval through the Office of Competitive Grants, Associate Superintendent, Superintendent and Board of Trustees.

For both types of grants, specific grant activities to support the academic program at a campus should be reflected in the Campus Improvement Plan.

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

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

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

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

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

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

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 finance department shall notify the appropriate grant administrator when the funds have been budgeted and are ready for expenditure by the appropriate campus or department.

## **902.2 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 appropriate grant manager shall inform all staff involved in the expenditure of grant funds of the provisions and assurances for each grant program, as appropriate.

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

The district must not award a contract to a vendor which is debarred or suspended or is otherwise excluded from or ineligible for participation in federal grant award programs.

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

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

### **902.22 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 State and Federal Grants Department shall execute a Lobbying Certification Form [Standard Form – LLL: Disclosure of Lobbying Activities], as applicable, if the district used funds other than federal grant funds for lobbying activities.

The Grant Administrator shall ensure that all contract award documents with federal grant funds contain the appropriate lobbying certification language.

## **902.3 Budgeting Grant Funds**

The budget 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 as soon as possible after receipt of the NOGA or stamp-in date. All expenditures shall be made from the correct FASRG object code.

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

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

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 Grant Manager, disengages from grant activities for more than three (3) months, or a 25% reduction in the time devoted by a grant manager.

The Grant Manager shall monitor the need for amendments throughout the grant period and at least one (1) month prior to the grant amendment deadline, if applicable. If an amendment is necessary for any of the reasons specified by the pass-through entity (TEA) or in federal regulations, the Grant Manager shall initiate the amendment process and collaborate with the finance department prior to submission of the grant amendment.

The Budget department and the grant administrator shall be responsible for ensuring that the finance system budget corresponds to the most recent grant NOGA.

#### **902.4 Standards for Financial and Program Management**

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

##### FFATA Reporting

The district shall report the following for all federal grant awards, as appropriate. The Accounting Director or designee 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.

#### **902.41 Financial Management**

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.

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

#### Records Retention

The financial management system shall be utilized to store, maintain, and report all required federal grant information. Consequently, the district shall ensure that access to the data is restricted to authorized individuals in accordance with the district's Data Security and Access policies. In addition, the district shall retain all federal grant records for a period of five (5) years in accordance with the district's Local Records Retention Plan. [Note: The district's retention period exceeds the three (3) year retention period required in the EDGAR.] The district's Record Management Specialist shall be responsible to ensure that all records are retained, stored and accessible, as appropriate.

#### List of Federal Grant Awards

A list of all federal grant awards shall be maintained to include all EDGAR required data:

- 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.

On at least a monthly basis, the Fund Accountant shall review the status of each federal grant fund. The review shall include a comparison of budget to expenditures.

### **902.42 Internal Controls**

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

The Director of Federal and State Grants shall be responsible for the annual review and update of the Internal Control Procedures.

### **902.43 Bonds**

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

### **902.44 Payment**

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 or the invoice, whichever is later.

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

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

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

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

The Grant Administrator over each federal grant award shall ensure that requirements for cost sharing and/or matching funds, if any, are approved through the grant approval process prior to the submission of the grant. At a minimum, the Budget Director, Associate Superintendent of Finance and the appropriate academic Associate Superintendent must approve the commitment of all cost sharing and matching grant funds.

If cost sharing or matching funds are required as part of a federal grant award, the required direct or in-kind expenditures should be recorded and tracked on the general ledger.

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).

#### **902.46 Program Income**

The district will not generate any program income as part of a federal grant award, except as allowed in the National School Lunch Program and School Breakfast Program.

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

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

### **902.47 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 Grant Administrator shall notify the appropriate departments, such as Purchasing, Human Resources, Finance, Payroll, 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.

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

The Grant Administrator and Grant Accountant 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.

### **902.5 Procurement Standards/Expenditure of Grant Funds**

Expenditures of grant funds shall be through the Purchasing Department processes in place for non-grant funds but shall have additional requirements as noted below to ensure full compliance with federal cost principles.

#### **902.51 General Procurement Standards**

The district shall comply with the general procurement requirement 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 credit cards, petty cash, direct payments, etc. are authorized in the district's operating procedures. All purchases shall be in accordance with the district's School Board Policies (CH Legal, Local, and Regulation) and the district's Purchasing Department Procedures. The District's purchasing procedures shall comply with all federal, state and local procurement requirements, including new EDGAR Procurement Standards. Office of Management and Budget has extended the grace period for implementation of the EDGAR Procurement Standards until July 1, 2018. The District will ensure full compliance by July 1, 2018.

The Purchasing Department 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:

- Advertisement date(s) of the procurement
- Selection criteria
- Opening date
- List of vendors submitting a proposal/bid
- Selection of Vendor
- Date of contract award
- Begin date of the contract
- End date of the contract

The Purchasing Department will provide upon request to the Federal awarding agency or pass-through entity procurement documents, such as requests for proposals or invitations for bids, etc.

#### Purchasing Efficiency Strategies

All federal grant purchases shall be in accordance with the federal regulations, specifically CFR 200.318. 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 implement the following strategies to maximize federal grant funds:

- Consolidation of commodity purchases through a solicitation to obtain "best value", as appropriate
- Utilize cooperative purchasing agreements, as appropriate
- Utilize current standard vendor selection criteria to select the best vendor
- Utilize Tyler/Munis for a tracking system of all informal and formal procurements
- Monitor vendor performance to ensure that the vendor provides the services and/or goods, as appropriate (Requestor)
- The district shall strive to avoid acquisition of unnecessary or duplicative items. (Requestor)
- Ensure that all contract and vendor disputes are resolved in the most advantageous manner, following CH Regulation
- 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

Purchasing Department shall complete a review of the procurement process and procedures on at least an annual basis to self-certify that the procurement system is efficient and effective. The Internal Audit Department shall oversee the completion of the self-certification. The results of the certification shall be distributed to all grant management staff. If deficiencies are noted, the Purchasing Department shall develop a Corrective Action Plan to remedy the deficiencies, as appropriate.

#### Conflict of Interest

The Superintendent or designee shall execute an Organizational Conflict of Interest document to disclose if any conflicts exist in the application, receipt of, or expenditure of federal grant funds. The Purchasing 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 \$10,000.00. 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.

## **902.52 Vendor Competition**

The Purchasing Department shall be responsible to ensure an evaluation committee selects and awards contracts to vendors that are qualified to provide the goods and/or services to be purchased with federal grant funds. The vendor selection process shall ensure that the district does not restrict competition among qualified vendors.

### Vendor Selection Criteria

The district has noted in the solicitation the evaluation criteria required per the specific Education and/or Government codes.

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

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

A vendor database shall be maintained by the Purchasing Department per process and procedures.

All vendors shall complete the appropriate vendor forms as required by federal, state regulations and district process and procedures. Requesting department (quotes) and/or evaluation committee (solicitations) will be advised if a vendor will not agree to one or more of the EDGAR T&Cs. The District will take into account any deviations and award “best-value” to the most responsible vendor.

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

- Time, date, and place of Solicitation opening
- Written specifications and addendums, as appropriate
- Solicitation proposal sheet
- Solicitation evaluation criteria, including the weights, as applicable

The district shall not restrict vendor competition by specifying a specific brand without saying “or equivalent”.

The Purchasing Department shall oversee all Solicitation documents before releasing to the vendor to ensure the documents comply with the federal requirements.

## **902.53 Procurement Methods**

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

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

### Micro-Purchase Procedures

The district shall purchase goods and services under this method from non-awarded vendors up to an aggregate of \$10,000 per “like-type” item/commodity per fiscal year. The requesting department shall distribute micro-purchases equitably among qualified vendors through a verbal quote.

### Small Purchase Procedures

The district shall purchase goods and services under this method from non-awarded vendors up to an aggregate of \$50,000 per commodity per fiscal year, per Education Code 44.031.

### Cooperative/Interlocal Purchases

The district participates in multiple cooperative/interlocal agreements. For cooperative purchases, requesting department must obtain two (2) written quotes from awarded vendors for a requisition if the cooperative is partially or not EDGAR compliant. Three (3) if Child Nutrition funds.

### Sealed Bid Procedures

The procurement by sealed bids method shall be used by the district when the purchase of goods or services exceed \$50,000 per commodity per fiscal year and if the acquisition of the goods or services lends itself to a firm fixed price/discount contract type contract. The district shall comply with the sealed bid requirements, as defined by the EDGAR, as noted below:

- 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.
- Budgetary estimate
  - Calendar Solicitation - Run PO by Commodity Code report for last fiscal year monies spent.
  - New Contract/Solicitation - Processing Form "Amount\$" field provides the estimated amount.
- 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 once a week in two separate weeks
  - The district shall provide no less than ten (10) days for bidders to prepare and submit their bids

- o The district shall identify the evaluation factors and their weight in awarding the proposal
- Bids must specify the time, date and district location where bids will be opened publicly.
- All CB.CSP.RFP bids must be awarded based on a firm fixed price/discount contract to the lowest responsive and responsible bidder (best value). All RFQ bids must be awarded based on the most qualified and responsible bidder. Bids will be evaluated, ranked and a recommendation for the award. All CSP Construction bids must have an architect estimate prior to advertising.
- If no bidder is recommended for award, the district shall reject all bids and discuss options with the requesting department.
- The Purchasing Department shall notify the successful bidder and process the contract documents and/or purchase orders, as appropriate.
- The Purchasing Department shall post solicitation award information on the webpage, within seven days of award.

### Competitive Sealed Procedures

The procurement by sealed proposals method shall be used by the district when the purchase of goods or services exceed \$50,000 and if the acquisition of the goods or services lends itself to a firm fixed price/discount contract/cost-reimbursement type contract. The district shall comply with the sealed bid requirements, as defined by the EDGAR, as noted below:

- Proposals must contain detailed specifications to ensure that bidders have a clear understanding of the goods or services that the district is seeking to purchase.
- Budgetary estimate
  - o Calendar Solicitation - Run PO by Commodity Code report for last fiscal year monies spent.
  - o New Contract/Solicitation - Processing Form "Amount\$" field provides the estimated amount.
- Proposals must be solicited from an adequate number of bidders.
- Proposals must be publicly advertised and bidders shall be provided an adequate amount of time to prepare and submit their bid.
  - o The district shall publicly advertise all bids in accordance with state law, i.e. at least once a week in two separate weeks
  - o The district shall provide no less than ten (10) days for bidders to prepare and submit their bids
  - o The district shall identify the evaluation factors and their weight in awarding the proposal
- Proposals must specify the time, date and district location where bids will be opened publicly.
- All CB.CSP.RFP bids must be awarded based on a fixed price/discount contract to the lowest responsive and responsible bidder (best value). All proposals must be awarded based on the most qualified and responsible bidder. Bids will be evaluated, ranked, negotiated(if applicable) and a recommendation for the award. All CSP Construction bids must have an architect estimate prior to advertising.
- If no vendor is recommended for award, the district shall reject all bids and discuss options with requesting department.

- The Purchasing Department shall notify the successful bidder and process the contract documents and/or purchase orders, as appropriate.
- The Purchasing Department shall post solicitation award information on a webpage within seven days of award.

### Noncompetitive Proposal Procedures

The procurement by noncompetitive proposal method shall be used by the district when the purchase of goods or services is from a “sole source vendor”. A sole source vendor is defined as a vendor that meets the following requirements:

- The goods or services are only available from a single source, the district shall acquire and maintain a copy of a vendor’s sole source letter.
- A public exigency or emergency will not permit a delay resulting from the competitive solicitation process, the board of trustees shall declare a public exigency or emergency prior to making such as the purchase of goods or services under this method. If 240 or 242 funds, Texas Department of Agriculture must also approve not utilizing procurement methods.
- The granting agency or pass-through entity authorized the use of a non-competitive proposal method, the requesting department shall obtain written approval/authorization from the granting agency or pass-through entity.
- After solicitation of a number of sources, competition is determined to be inadequate, the district shall determine that competition is inadequate if only one vendor is responsive to the solicitation.
- A “no bid” vendor response is acceptable to utilize with a solicitation to determine the sole source.
- If the dollar amount to one (1) vendor is \$250,000 plus, a solicitation is required. The sole source may not be applied.

### Other Procurement Guidelines

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 notifying local chambers and small business administration.

The District is not a state agency or agency of a political subdivision. A non-Federal entity that is a state agency or agency of a political subdivision of a state and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable. This is not applicable.

For all purchases that exceed the \$50,000 in aggregate, the district shall perform a cost or price analysis with every procurement.

- Calendar Solicitation – Save a copy of previous year TAB or run PO by Commodity Code report for last fiscal year and save in kdrive in bid folder under EDGAR file, review pricing before receiving bids or proposals.

- New Solicitation – Product/Goods – before receiving bids or proposals, purchasing will review pricing of equal/comparable items via the internet or through other Independent School District awarded pricing. Service – requesting department will attach to the solicitation processing form quotes for equal/comparable vendors.
- Cooperative Requisitions – Two (2) quotes will be uploaded to requisition if cooperative is not EDGAR Compliant. Three (3) if Child Nutrition funds.

The district shall negotiate profit as a separate element of the price for each contract in which there is no price competition (only one vendor response to a solicitation / sole source) for all purchases that exceed the Simplified Acquisition Threshold of \$250,000 in aggregate. For a solicitation, purchasing will request in written form the vendor’s annual profit for this purchase and begin negotiating price and/or profit (Best and Final Offer). To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor’s investment, the amount of subcontracting, the quality of its record of past performance, and *industry profit rates in the surrounding geographical area for similar work*.

Estimated costs (of cost/price) for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the District under Subpart E—Cost Principles of this part. The District will reference its own cost principles that comply with the Federal cost principles. EDGAR requirements to include the independent estimate and cost/price analysis are completed on the original solicitation and not required for supplemental solicitations advertised at later dates.

All construction purchases that exceed the FASRG threshold shall comply with federal bonding requirements such as:

- A bid guarantee from each bidder of five percent (5%) of the contract price
- A performance bond on the part of the contractor for 100% of the contract price
- A payment bond on the part of the contractor for 100% of the contract price.

The Purchasing Department 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 for services or goods purchased with federal grant funds shall be subjected to the same review and approval process as all other district contracts. The Contract Procedures are applicable to all federally funded 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.

AG Opinion may not be utilized for professional services. Per A.Safi (District Legal), June 11, 2015.

Per 200.320 (d)(5) – RFQs may only be utilized for architect, engineer, and surveyor. All other types of professional services, the price must be included “as a selection factor”.

## 902.6 Property Standards

The district shall safeguard all property (assets and inventory) purchased with federal grant funds under the same guidelines as property purchased with local funds. Additional insurance for property purchased with federal grant funds shall be acquired if specifically required by a federal grant award. The appropriate Grant Administrator shall oversee the acquisition of additional insurance that might be required for federally funded property.

### Real Property

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

### Equipment and Supplies

2) The district shall use federal grant funds to purchase equipment and supplies. The district shall not use federal grant funds to purchase intangible property. The federally-funded equipment shall be used only for the authorized purposes and shall be disposed of, at the end of the useful life or end of the grant period, in accordance with the grant award guidelines. The district shall/shall not use the federally-funded equipment to generate program income. The federally-funded supplies shall be used only for the authorized purposes. Any residual (unused) supplies, in excess of \$5,000 in total aggregate value, at the end of the grant program or project may be used for any other federal grant program. Otherwise, the supplies shall be retained by the district or sold, but must reimburse the granting agency for the district use or sale of the supplies. The district shall implement purchasing deadlines for the purchase of federally-funded supplies to ensure that residual supplies are not available at the end of the grant period or project. The purchasing deadlines are posted on the Purchasing Department webpage.

### Capitalization Policy and Definitions

The district shall utilize the same capitalization policy for non-grant and grant-funded asset purchases. The district's capitalization threshold for assets is \$5,000 per unit cost. The district has adopted the EDGAR (CFR 200.12) definitions of property as noted below:

- *Capital assets* means tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP. (CFR 200.12).
- *Equipment* means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000. (CFR 200.33)
- *Computing devices* means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals") for printing, transmitting and receiving, or storing electronic information. (CFR 200.20)
- *General purpose equipment* means equipment which is not limited to research, medical, scientific or other technical activities.

- Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles.
- *Information technology systems* means computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources. (CFR 200.58)
- *Special purpose equipment* means equipment which is used only for research, medical, scientific, or other technical activities.
  - Examples of special purpose equipment include microscopes, x-ray machines, surgical instruments, and spectrometers.
- *Supplies* means all tangible personal property other than those described in §200.33 Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life. (CFR 200.94)

### Acquisition Cost

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

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

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

The district has also defined “inventory items” as computers and laptops with a unit cost between \$500 and \$4,999, and printers 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.

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

Title to federally funded equipment and supply purchases shall be retained by the district, unless otherwise notified by the granting agency. As district property, the district shall affix a tag,

inventory, and dispose of all assets (non-grant and grant-funded) according to the district's fixed asset procedures as documented in District Regulations CFB-R and CI-R. The district procedures shall include the recording of all assets on a database with the following information:

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

#### Maintaining Asset Inventory & Records

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

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

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

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

The Property Control Officer shall be responsible for maintaining the fixed asset database of all district assets, including all federally-funded assets.



## 902.7 Cost Principles

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

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

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

The district shall verify that all proposed obligations and expenditures meet the Cost Principles. If a purchase is not allowable and/or allocable to a federal grant award, the district shall not make the obligation/purchase with the federal grant funds. Other funds, such as local funds, may be used to make the obligation/expenditure, as appropriate.

The **total cost** of a federal award is the sum of allowable direct and allocable indirect costs less any applicable credits. All refunds, rebates, discounts or other credits to grant expenditures shall be posted to the finance general ledger as soon as the credit is known. The district shall ensure that all known credits have been posted to the general ledger prior to the drawdown on federal grant reimbursements. [Note. It is essential to post all credits to the general ledger on a timely basis to ensure that the district does not draw-down grant expenditures in excess of actual expenditures net

of all credits. Otherwise, the district may be considered to have drawn-down funds under an advanced cash method.] The Grant Accountant 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.

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 Indirect Costs as set forth in Appendix VII. The certificate must be signed on behalf of the district by Associate Superintendent of Finance.

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

### **Selected Items of Costs**

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

### **902.71 Compensation & Benefits – Employee (Payroll Expenditures)**

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

#### **Compensation Costs**

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

- The costs are reasonable for the services rendered and conforms to the established district compensation and benefit plans for expenditures with all other funds, i.e. local funds,
- The employees have been employed in accordance with the district's established Hiring Procedures, and

- The costs are supported by the appropriate timekeeping, absence tracking, time & effort certifications or other documentation, as appropriate,
- All employees shall report all outside employment or professional services rendered to other entities per policy DBD. If the employee is federally funded, the external employment and/or professional services shall not conflict with the federally-funded activities with the district,
- Incentive compensation, such as stipends, awards, early resignation incentive, attendance incentive, etc. in accordance with the district's written plans for each of these incentives,
- If a federally funded employee receives a stipend for non-federal duties, the additional duties shall not conflict with the federally-funded activities with the district.

### Benefit Costs

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

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

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

- Severance or settlement agreement payouts to current and/or previous federally-funded grant staff.
- Optional pension plans (other than the mandatory Teacher Retirement System of Texas contributions).
- Automobile costs or allowance

### Documentation of Compensation and Benefit Costs

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

- **Exempt staff**
  - Employment agreement, contract, or reasonable assurance, as appropriate
  - 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
  - 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.

The grant administrator shall ensure that the Role ID and object codes reflected on the grant application (Payroll Summary) are consistent with the HR, payroll, finance and PEIMS records.

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

The grant administrator shall work collaboratively with the appropriate stakeholders (campuses and departments) to identify all staff needed to accomplish the grant activities.

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

The School Board approved Salary Schedule 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.

#### 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 Grant Manager. The Grant Manager shall ensure that the position is approved on the grant application and that adequate funds exist to fill the position. The finance and payroll departments 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 Grants Manager shall review the request to ensure that the position is still authorized and necessary. Changes to the job description, if any, can be made at this time. The budget department, shall review the request to ensure that adequate funds exist in the appropriate account code(s). If funds do not exist, the Budget Department shall return the request to the grant administrator for corrective action. The request shall then be approved by the Human Resources department, and advertised appropriately.

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

Upon employment, the new hire shall receive and sign a copy of his/her respective job description. If the position is funded with a short-term grant fund, the employee shall be notified via the job posting, verbally in the job interview, and in writing in the notification of hiring.

### Transfer of Personnel

When staff in a position funded with grant funds is recommended for transfer to another campus, department, or assignment, the grants manager, human resources, and finance 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 grants manager, human resources and finance departments must evaluate the requested transfer to ensure that the staff allocations, highly qualified staff requirements, and funding source changes are in compliance with grant requirement.

### Substitute Teachers

Salary expenditures for substitute teacher are allowable for approved teacher positions. The finance and payroll departments shall ensure that the expenditures for substitute teacher costs are

budgeted and expensed from the appropriate account code(s). The School-Board approved substitute pay scale shall be used to compensation all substitute teachers whether paid from local, state or federal grant funds.

### Stipends and Extra Duty Pay

Stipend and extra duty pay expenditures are allowable for authorized and approved activities. A schedule or work log shall be maintained to substantiate the stipend and/or extra duty pay. The School-Board approved Salary Schedule shall be used to compensation all substitute teachers whether paid from local, state or federal grant funds.

The finance 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 rates used for similar locally funded activities.

## **902.73 Time and Effort Documentation**

District staff funded wholly or partially with federal grant funds shall comply with federal guidelines related to time and effort. The grant funded staff, their immediate supervisors, grants management, human resources, and finance departments shall be aware of the federal guidelines related to time and effort documentation. If the occasion arises where an employee is split-funded, the Federal and State Grants department will provide the necessary training on 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.

### 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 job duties as they relate to the grant position. The grant-funded staff shall be sign the job description at employment or when the employee changes positions, or there is a change to the job description.

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

### Position Control Report

The Budget Department and Human Resources department will work collaboratively to maintain an up-to-date Position Control report of all district staff, to include the position title, employee name, annual salary, and funding source(s) by percentage.

Each campus or department, human resources, and the budget departments shall work collaboratively to ensure that the Position Control Report accurately reflects that data maintained in their respective area of responsibility. Discrepancies, if any, shall be brought to the attention of the appropriate department for correction.

The review of the Position Control Report shall include, but not be limited to the following:

- 1) Campus or department – ensure that all staff are reported properly, and that the grant funded staff are assigned in the position. The master schedule or assignment of instructional staff must support the position title and funding source.
- 2) Human Resources – ensure that the position title and salary are correct. In addition, the Human Resources department shall ensure that all grant-funded staff meet the state’s Certification or are Highly Qualified, as appropriate.
- 3) Budget department – ensure that the funding source(s) and salary are correct. In addition, the budget department shall ensure that the payroll distribution account code(s) are in accordance with the FASRG.
- 4) Grant Manager – ensure that the positions are authorized on the grant application and that the PEIMS Staff Data submitted to TEA is consistent with the position title, Role ID and object code.

The Position Control Report shall be reviewed annually, during the budget development process, and periodically as needed during the year to ensure accuracy.

#### Budgeting of grant funded staff

The Position Control Report shall be the basis for budgeting of grant funded staff. The percentage of time in each funding source shall be utilized by the budget department to create and enter the salary portion of the grant budget. The percentages shall also be utilized by the human resources department to enter the payroll distribution account code(s).

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

The grants administrator, human resources and budget departments shall work collaboratively to adjust the budget and payroll account code distributions of grant funded staff if the time and effort documentation consistently reflects that the percentage(s) across the funding source(s) is not a true reflection of the normal work schedule.

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

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

The timeline for semi-annual certifications shall be once per academic semester to coincide with teaching assignment each semester. The human resources department will maintain the semi-annual certifications.

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

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

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

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

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

The immediate supervisor shall submit all signed time and effort reports to the grant administrator or designee, who will review and approve all documentation.

The accounting department shall prepare any necessary journal entries to reclassify the expenditures related to time and effort. According to federal regulations, the final amount charged to each grant award must be accurate, allowable and properly allocated.



### 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.

### **902.74 Non-Payroll Expenditures**

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

### Local Guidelines Related to Unallowable Costs

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

### Unallowable Costs

- Meals that do not meet the criteria set forth in Policy CA
- Educational field trips to an amusement park
- Incentives & Awards other than trophies, ribbons, plaques, medals
- Out of State travel and field trips that has not been pre-approved by the granting agency

### Selected Items of Cost – Professional Services

### **902.75 Contracts and Professional Services with Grant Funds**

All contracts and professional services agreements shall be reviewed and approved in accordance with the district guidelines for all non-grant funds. The district's purchasing policies, procedures and regulations shall be adhered to in procuring, evaluating, selecting and awarding contracts. All vendors shall complete the appropriate vendor forms as required by Federal, State regulations and district process and procedures. Requesting department (quotes) and/or evaluation committee (solicitations) will be advised if a vendor will not agree to one or more of the EDGAR T&Cs. The District will take into account any deviations and award "best-value" to most responsible vendor.

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

The Grant Manager or Purchasing Department review shall consist of the following (unless noted otherwise Grant Manager reviews):

- 1) Consultant and/or contractor has not been suspended or debarred(Purchasing Department)
- 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
- 4) The past pattern of costs, particularly in the years prior to federal awards
- 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
- 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.
- 9) The contract and/or consultant agreement meets the allowable costs principles.
- 10) A construction contract subject to Davis Bacon has the appropriate contract language. The contract and/or consultant agreement fee for services do not exceed any federal grant or local limits. If construction is to be paid for with federal money, purchasing to amend CSP Construction boiler.

The purchasing department shall review and approve or process for approval all contracts. The review shall consist of the district's contract procedures and any other requirements specific to the contract and/or federal grants.

The final approval authority for all contracts shall follow CH Policy and CV Policy.

The Grant Manager shall ensure contracts for professional service meet the following:

- 1) The date the district executes (signs) a contract for professional services shall be defined as the "obligation date". Since the district cannot obligate federal grant funds, except during the grant period, the district shall not execute a contract prior to, or after, a grant period; otherwise, the costs of the professional services shall be unallowable under the federal cost principles.
- 2) All district contracts for professional services to be funded through a federal grant award shall comply with the following contract provisions as recommended in the Texas Education Agency's Guidance and Best Practices for Professional Services Contracts:
  - The contract is only effective upon receipt by the district of the NOGA from the awarding agency.

- The contract period is aligned to the grant period of availability as stated on the NOGA from the awarding agency (period of availability).
- All services will be completed during the effective dates of the contract.
- All services will be invoiced monthly after services are received (rather than paid lump sum at the beginning of the period of availability before services are rendered) and paid upon verification of receipt of services.
- The regulations for procurement in 2 CFR §§200.318-323 are followed in issuing the contract.
- All professional services provided under the contract will follow the provisions of 2 CFR 200.459 Professional service costs.
- The contract identifies the funding sources that will be charged for the services provided, including the specific amount and/or percentage of the total contract amount to be charged to each funding source.
- The contract identifies and lists only reasonable, necessary, and allocable services to be provided during the period of availability of the funding sources listed in the contract.
- The administrative costs charged to the grant in the contract must comply with any limitations for administrative costs for funding sources (if applicable).
- The contract specifies that the invoice provided by the contractor will include the list of services provided, dates of services, and location(s) where services were provided during the billing period.

Additional district contract provisions shall include:

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

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

The district shall adhere to the normal approval path for purchase orders with non-grant funds. In addition, all purchase orders with grant funds shall be reviewed and approved by the appropriate Grant Manager.

The Grant Manager review shall consist of the following:

- 1) The expenditure is *reasonable* and *necessary* (as defined in federal grant guidelines).

- 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
- 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

In an effort to meet all obligation and liquidation requirements of grant funds, the finance department will publish a list of timelines which shall be followed for all purchases, regardless of funding source.

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

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

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

#### Credit Card Purchases with Grant Funds

The district may use district-issued credit cards to make purchases with federal grant funds.

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

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

The Grant Manager administrative review shall consist of the following:

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

Fraudulent credit cards purchases made with federal grant funds shall be grounds for disciplinary action, up to and including termination of employment. The appropriate legal authorities shall also be notified for criminal prosecution, as appropriate. Accidental use of a credit card to make an unauthorized purchase with federal grant funds may be subject to similar disciplinary action but shall require immediate (within 2 days from date of discovery) restitution to the district. **The fraudulent or accidental charges may not be charged to a federal grant fund, nor drawn-down as expenditures.**

#### Petty Cash Purchases with Grant Funds

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

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

The Grant Manager shall review and approve all petty cash expenditures.

The grant administrative review shall consist of the following:

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

### **902.77 Travel Expenditures with Grant Funds (Students & Staff)**

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

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

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

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

No grant funds shall be used for travel expenditures of non-district staff such as spouses.

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

The Grant Manager review shall consist of the following:

- 1) All original, detailed receipts include an itemized list of what was purchased
- 2) The traveler has documented a valid reason for the travel which is consistent with the grant guidelines and purpose
- 3) The travel expenditures meet the allowable cost time and e principles.
- 4) The travel is not for the Superintendent or other individual (non-employee such as family member, School Board, etc.).

- 1) The travel is for students during an educational field trip or other approved activity in accordance with grant guidelines and purpose
- 2) The travel is not for a contractor or consultant for the *their* professional development
- 3) The travel was approved by the granting agency, as appropriate (for example: out-of-the-country travel)

## **902.78 Preparing Expenditure Reports & Draw Down of Funds**

### **Draw-down of funds**

The district shall, on a monthly basis, or as allowed or required by the grant guidelines, draw-down grant funds that have been spent in accordance with the grant guidelines. The draw-down shall be for all expenditures to date, less grant funds received to date, as verified by a financial general ledger. NOTE: The expenditures shall be net of all refunds, rebates, discounts, credits, and other adjustments, if any. In addition, the district may not draw down more cash than necessary to meet 3 days' cash needs\_if the district has opted to operate under the cash advancement program guidelines.

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

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

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

The draw-down of grant funds from the granting agency shall be initiated by the Grant Accountant in the Accounting Department. A detailed summary general ledger of each grant fund should be generated to determine if the district is entitled to draw-down funds, i.e. if the granting agency owes the district any funds.

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

Prior to draw-down, the Grant Accountant shall review the expenditures. Such review shall include the following:

- 1) A review of the detailed general ledger for any unusual charges or reclassification of expenditures
- 2) Monitor the percentage of expenditures-to-date to ensure that the grant funds are expended on a timely basis throughout the grant period and notify the appropriate grant manager as needed

The Grant Accountant shall prepare the paper or electronic draw-down request and record the transaction as a receivable and revenue in the general ledger. A copy of all supporting documentation such as the detailed general ledger, and any other supporting documentation shall be filed for audit purposes.

If manual approval of an electronic draw-down is required by the granting agency, the accounting department shall comply with the manual requirements. For example, TEA at times requests supportive information related to a drawn down such as a detailed general ledger, narrative justification, or summary of expenditures by object code. Upon a request from the TEA, the Grant Accountant shall respond to the request within the allotted time to avoid designation as a “high risk” grantee.

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

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

Federal regulations (CFR 200.415) requires that the district certify the accuracy of the annual and fiscal reports or vouchers requesting payments be signed by the authorized individual(s). The Accounting Director shall certify every draw-down of funds, including the final expenditure report.

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

The receivable from the granting agency shall be recorded in the general ledger. The same process for preparation and posting of the general ledger entry as a periodic draw-down shall be followed.



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

### Receipt of Grant Funds

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

The district shall record all grant fund receivables upon receipt from the granting agency. The receipt of grant funds shall be posted to the general ledger to the appropriate receivable account code. In the event that the grant funds received do not match the recorded receivable, the Grant Accountant 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 grant Accountant shall prepare the adjusting journal ledger entry and the appropriate person 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 as a result of the cash reimbursement program.

### Tracking and Recording Receivables

On a monthly basis, the Grant Accountant shall review all pending receivables. Receivables older 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 Grant Accountant shall prepare necessary journal entries and the appropriate person shall post the entry to the general ledger.

## **902.8 Grant Compliance Areas**

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

## **902.81 Supplement, Not Supplant**

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

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

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

- 1) The grant funds will be used to enhance, expand, or extend required activities. Examples may include before/after tutoring, additional research-based instructional programs, or other supplemental expenditures not required by state law or local policy.
- 2) The grant funds will be used for specific grant activities included 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
- 4) The grant funds shall be used in any other appropriate activity allowed by the grant.

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

## **902.82 Comparability**

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

The budget department and the Federal and State Grants Department shall work cooperatively to conduct the comparability test on an annual basis and complete the Title I Part A Comparability Assurance Document (CAD). If the district determines that it is exempt from the comparability requirements, such exemption shall be noted on the CAD and submit it to TEA. If the district is not exempt, the Comparability Computation Form (CCF) shall be completed and submitted to TEA by the annual deadline.

If TEA determines that the district is non-compliant, the finance and federal and state programs departments shall work collaboratively to address the non-compliance. In addition, the district shall make the necessary adjustments until the district is in compliance with the comparability requirement.

### **902.83 Indirect Cost**

Grantees must have a current, approved federal indirect cost rate to charge indirect costs to the grant. The indirect cost rate is calculated using costs specified in the grantee's indirect cost plan. Those specified costs may not be charged as direct costs to the grant under any circumstances. [TEA Indirect Cost Handbook, 2014]

The district shall apply for an indirect cost rate through the federal granting agency or pass-through entity (TEA) in accordance with the current regulations. The Budget Director shall complete and submit an Indirect Cost Rate Proposal by the established deadline as specified by the pass-through entity (TEA) on the Indirect Cost webpage at: <http://tea.texas.gov/index4.aspx?id=3842>

The district's Indirect Cost Rate, or the maximum allowable rate, whichever is less shall be used to post Indirect Costs for federal funds to the General Fund. The Grant Accountant shall prepare a general ledger entry for the indirect costs. The appropriate person shall post the entry to the finance general ledger.

### **902.84 Maintenance of Effort**

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

#### NCLB MOE

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

declared disaster, as well as any expenditures from funds provided by the federal government. [TEA NCLB MOE Handbook]

The Budget Director shall compute the MOE using the TEA NCLB LEA MOE Determination Calculation Tool during the budget adopted process and at the end of the fiscal year. Non-compliance with NCLB MOE will result in a reduction of NCLB funds in the exact proportion by which the district fails to meet the MOE requirement; therefore, the finance department shall plan for the reduction of grant funds at the local level. If the NCLB MOE falls below the required level, the finance and federal and state programs departments shall collaborate to develop a plan to bring the district into compliance with the MOE requirements.

### IDEA-B MOE

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

The Budget Director shall compute the MOE using the TEA IDEA-B LEA MOE Calculation Tool during the budget adopted process and at the end of the fiscal year. Non-compliance with IDEA-B MOE will result in a reduction of IDEA-B funds in the exact proportion by which the district fails to meet the MOE requirement; therefore, the finance department shall plan for the reduction of grant funds at the local level. If the IDEA-B MOE falls below the required level, the finance and special education departments shall collaborate to develop a plan to bring the district into compliance with the MOE requirements.

## **902.85 Reporting Requirements**

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

Programmatic reports such as activity, progress and evaluations – appropriate grant administrator

- 1) Expenditure reports such as interim, draw down and final expenditure reports – Finance department, Accounting Director and Grant Accountant
- 2) Compliance reports such as Comparability, Maintenance of Effort, Indirect Cost, etc. – Finance department, Budget Director
- 3) Highly Qualified Staff reports – Human Resources department

## **902.86 Grant Monitoring and Accountability**

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

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

The grant administrator for each federal grant shall be responsible for the programmatic, evaluation and financial compliance; the Grant Accountant shall assist with financial compliance and reporting.

The grant administrator shall monitor the timing of grant activities throughout the grant period, especially as they relate to the desired outcomes. The Grant Accountant shall monitor the timing of grant expenditures, especially as they relate to the period of availability of grant funds. If either the grant activities or grant expenditures reflect that the district will not accomplish the grant activities during the grant period, the grant administrator and the Grant Accountant shall work collaboratively to develop an action plan to ensure that the federal grant goals are met. The oversight of grant activities and expenditures shall include, but not be limited to, the following:

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

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

Auditing findings or deficiencies shall be addressed in a timely manner upon receipt of the notification. The finance, human resources and grant management staff shall work collaboratively to develop and implement a Corrective Action Plan to resolve the findings or deficiencies. The Superintendent, or designee, shall approve the Corrective Action 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 to district staff and/or contractors (vendors). Corrective actions, as appropriate, shall be implemented to remedy the loss of grant funds due to fraud.

#### Remedies for Non-Compliance

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

#### Grant Closeout Procedures

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

- Ensure that no obligations are made after the grant period end date
- Liquidate all obligations incurred during the grant period
- Submit the final grant program performance report, if any
- Submit the final grant expenditure report, if any
- Drawdown all the expended grant funds (reimbursement request) – Match the grant expenditure draw-downs with the finance general ledger
- Certify that the final drawdown of federal grant funds are accurate
- 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