



Hillsboro

INDEPENDENT SCHOOL DISTRICT

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Business Operations Manual

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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 Superintendent shall approve any changes to this Business Operations Manual on an as needed basis, if federal, state or local changes in regulations or policy warrant immediate changes.

Business Department Mission

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

Business Department Staff

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

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**
- **Hillsboro ISD Code of Conduct (Employee Handbook)**
- **Hillsboro ISD Acceptable Use and Internet Safety Policy**
- **Confidentiality Agreement**

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

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 Director of Finance 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). Written documentation (such as a Journal Voucher or Budget Transfer form) should be used to document all journal entries as appropriate. (Budget entries that are board approved will be entered from the Budget Amendment spreadsheet presented to the board.) All journal entries shall be numbered for tracking purposes. A numbering system through the TxEIS software system shall be utilized by the district. The Director of Finance and the Accounting Specialist shall be authorized to post journal entries to the ledger.

All payroll general journals shall be interfaced to the finance system by the payroll department. The payroll department 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 should 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.

Data Entry and Validation(†)

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

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

General Ledger Transaction (Minimum Data Required)(†)

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

- **Date of the general ledger transaction** – the date of the transaction should be within the posting month and within the posting fiscal year.
- **Account code(s)** – the proper account code shall be used for all transactions
- **Journal [transaction] number** – the number will be assigned automatically in a sequential order. A log of the journal numbers utilized each fiscal year is available in the TxEIS software. Automated, system-generated general ledger entries shall be easily distinguished from manual general ledger entries based on the TxEIS numbering scheme.
- **The credit and debit amounts**– the total debits must match the total credits
- **Reason for the general ledger transaction** – the reason should explain the reason for the transaction such as cash receipt number, adjustment to budget/expense, etc.

- **Supporting document** – supporting documentation, if any, shall be attached to the journal entry form for audit tracking purposes

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

- **Check date** – the system-generated general ledger transaction should reflect the check date as part of the journal entry number
- **Account code(s)** – the account codes charged for all payroll disbursements, including liability accounts, should exist in the general ledger prior to posting the system-generated journal entries. [Note: During the payroll posting process, the payroll department must print and verify that all payroll accounts exist on the general ledger. If accounts do not exist on the general ledger, the accounts should be verified for accuracy and if accurate, the list of account codes must be submitted to Director of Finance 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 (Report Generation & Verification)
- Run EOM Reports (archival purposes)
- Process the EOM Close

School Board Reports and a detailed Check Payments report for the previous month should be generated and forwarded to the Director of Finance for inclusion in the monthly board packet. The check payment list shall be presented to the School Board on a monthly basis.

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

- Cash Position By Bank
- Cash Receipts Journal
- Check Payments List
- Detail General Ledger
- General Journal
- Batch Process Balance Error Listing

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

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 30 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 August 31st, as reflected on the respective monthly statement.
- **Reconcile all revenue accounts with amounts received and/or earned as of August 31st** – All measurable revenue should be posted to the general ledger. For example, all state aid earned as of the most recent Summary of Finance report 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 August 31st, shall be posted to the general ledger. The receivables shall be measurable and expected to be received within 60 days after the end of the fiscal year in accordance with the district's accounting standards.
- **Reconcile and post all accounts payable** – all payables due to others (vendors especially), as of August 31st, shall be posted to the general ledger. The amounts due for all goods and/or services received as of August 31st are classified as accounts payable and paid during the next fiscal year.
- **Reconcile all accrued wages and benefits as of August 31st**– All accrued wages and benefits shall be posted to the general ledger, especially for all wages earned through August but scheduled to be paid in the next fiscal year (after September 1st).
- **Reconcile all prepaid expenses as of August 31st** – All prepaid expenses shall be posted to the general ledger to object code 1410. A prepaid expense is typically one that represents a disbursement of funds (payment) for goods or services that will be received or utilized in the next fiscal year. 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 acquired during the fiscal year shall be added to the fixed asset ledger (Excel spreadsheet). All assets disposed of (sold or lost) shall be removed from the fixed asset ledger.
- **Reconcile the fund balance as of August 31st** – All changes, reductions, additions, and/or designations [restricted, committed, assigned, etc.] of fund balance accounts shall be posted to the general ledger. All budgetary fund balance accounts (object code 3700) shall be posted to the appropriate fund balance account. [Note. Changes to the budgeted and committed fund balances should be supported by minutes of Board approval.]

Segregation of Duties(†)

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

- **Bank reconciliations** – The same staff member shall not prepare cash disbursements, cash deposits, or other cash transactions **and** reconcile the district’s bank accounts.
- **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, if the district uses electronic records, 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, etc.
- Financial Management System, TxEIS Finance, HR, Assets, Purchasing, etc. modules

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

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. Unless required by federal, state, and local statute, the district is not required to permit public access to their records. The district shall make all grant-related records available for access to the federal granting agency and/or pass-through entity upon request.

All business office staff shall sign a Confidentiality Agreement on an annual basis. Among the most critical information is documentation related to employee’s Personally-Identifiable Information (PII) such as health, benefits, financial, family members, or other personal information. Violators will be subject to discipline, employment termination, and/or may be reported to the appropriate legal authorities. Violations of some protected information, such as health or medical information, is also protected by federal laws, such as HIPPA.

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

The business 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 control environment to prevent unauthorized access. At no time (including lunch breaks) shall a computer system be logged on to a financial data system while unattended by the respective staff member. All computer systems shall revert to a screen lock after 15 minutes of nonuse.

Assignment of Access and Passwords(†)

Access to data systems shall be based on the specific job duties and responsibilities of each staff member. Data system access to the authorized modules shall be determined by the Director of Finance or Technology Director. 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 Technology Director, regarding the ability to access the restricted database or module(s).

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

Revoking Access(†)

Access to data systems are subject to change and/or revocation when changes occur to a staff member's position, duties or responsibilities. Access to data systems are also subject to revocation when a staff member violates the Acceptable Use and Internet Safety Policy. Each staff member shall sign an acknowledgement of receipt of the Acceptable Use and Internet Safety Policy every fiscal year.

Business Staff Training(†)

Every staff member will be encouraged to participate in professional development or training to assist with keeping up to date with changes in school business, payroll and human resource rules and regulations.

Training requests should be submitted to the 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 training on an as needed basis for campus and department administrative and support staff, as appropriate. Critical training areas shall include, but not be limited to:

- **Activity Account Management**

- **Budget Development Process**
- **Cash Management**
- **State and Federal Grants Management**

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
(formerly the Division of Discretionary Grants and the Division of Formula Funding)
- Division of Federal Program Compliance
(formerly the Fiscal Accountability and Federal Reporting Unit)
- Division of Financial Compliance
(formerly housed in the Office for Accreditation)

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>

To ensure consistency with the EDGAR, the district shall utilize the acronyms and definitions included in the EDGAR for general terms related to the management of federal grant funds. The EDGAR Acronyms and Definitions can be found in CFR 200.0 through 200.99.

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

Finance Department (Director of Finance)

- Assisting the Grant Manager with budgeting grants funds. Preparing and posting the initial budget and all amendments to the general ledger.
- Assisting the Human Resources/Payroll 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 (7 years SHARS, 5 years all others) for audit purposes
- Managing all fixed assets and ensuring compliance with the inventory and disposition federal guidelines

Human Resources/Payroll Department (Executive Director of Human Resources, Payroll Assistant)

- Assisting the Grant Manager with the recruitment and hiring of all grant-funded staff
- Ensuring that all grant-funded staff meet state and federal certification requirements
- 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)
- Retaining all personnel records for the required length of time (7 years SHARS, 5 years all others) for audit purposes

Grant Management or Special Program Department (Director of Federal Programs and Executive Director of Curriculum Services, as appropriate)

- 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. Submitting all grant amendments to the finance department to facilitate budget amendments.
- Assisting the Human Resources/Payroll department with determining the payroll distribution code(s) for all grant-funded staff.
- Preparing all grant-related programmatic (evaluation) reports (monthly, quarterly and/or annual).
- Work with accounting department to ensure 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/Payroll department regarding the number and type of grant-funded positions approved in the grant application by the granting authority
- Verifying with the HR department that all grant-funded staff are supplemental and allowable under grant requirements (And, all state certification requirements)
- Ensure that all grant-funded staff have a job description with the grant-related duties and funding. (And, that all grant-funded staff sign a job description on an annual basis)
- Work with the HR department to verify 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:

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

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.

Prior to running payroll for campus staff in September, the Campus Master Schedule will be used to allocate salaries to the appropriate PIC codes.

Special Program Administrators shall also verify a staffing report showing personnel coded to grants or state programs at the beginning of each fiscal year. The PIC codes for the non-campus staff shall reflect what they do, where they are assigned to work, and the special program(s) that they support. If staffing changes are made during the year, it is the responsibility of Campus Administrators and Special Program Administrators to let the Payroll department know so that the staff coding can be changed appropriately.

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 Executive Director of Innovative Learning.

901.2 Career and Technical Education (CTE)

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

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 Special Education Director.

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 Special Education Director.

901.4 Compensatory Education (SCE)

The Compensatory Education program must adhere to state law, Texas Education Code (TEC) 29.081 and TEC 42.152. 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 on a monthly basis for the purposes of estimating SCE funds in the next fiscal year.

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

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 Executive Director of Curriculum Services.

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.

The use of “Grant Manager” throughout this document shall refer to the specific Grant Manager by federal grant as listed in Section 902.9 Grant Awards.

General Provisions:

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

1. The District has established a conflict of interest policy which includes federal grant awards. Employees shall disclose in writing any potential conflict of interest to the granting agency.

Conflicts of interest, if any are reported, shall be posted on the district's website and reported to the granting agency. The Director of Finance shall be responsible for overseeing and collecting the conflict of interest questionnaires.

2. The District shall comply with all additional conflict of interest requirements required by the federal granting agency and/or the pass-through entity (TEA).
3. 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. In addition, the District shall reclassify fraudulent expenditures made with federal grant awards to local district funds, i.e. the General Fund. The Director of Finance shall be responsible for overseeing, reporting and documenting any fraud, abuse or waste of federal grant funds.

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, Every Student Succeeds Act (ESSA), Individuals with Disabilities Education Act (IDEA), and Carl D. Perkins. The "maximum" and/or "final"

entitlement awards for the district are posted on the TEA Grants Management webpage at: <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/Finance_and_Grants/Grants/Grants_Awarded/Grants_Awarded_Data. The Grant Manager shall obtain the competitive grant information to determine whether the grant(s) is appropriate for the district. Some competitive grants may have matching-funds and/or in-kind payment requirements which may place a burden on the district's available financial resources.

TEA's Grant Opportunities webpage provides a wealth of information related to available grants such as: [<http://burlison.tea.state.tx.us/GrantOpportunities/forms/GrantProgramSearch.aspx>]

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

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

All grant applications are created by the Grant Manager. All grant applications must be reviewed by the Finance department and the Superintendent. In addition, all grant applications that will support student instruction at one or more campuses, must be developed in collaboration with the respective campus principal(s) and/or site-based committees. Specific grant activities to support the academic program at a campus should be reflected in the Campus Improvement Plan.

The final approval of a grant application shall be the Superintendent.

The Grant Manager 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 Manager 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

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

The finance department shall notify the grant management department 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 Grant Manager shall inform all staff involved in the expenditure of grant funds of the provisions and assurances for each grant program, as appropriate. The most current resources are available on TEA's Provisions and Assurances webpage at

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

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

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 finance departments 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 Manager shall ensure that all contract award documents with federal grant funds contain the appropriate lobbying certification language.

902.3 Budgeting Grant Funds

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

Federal grant funds shall be budgeted and available for use no later than 30 days after receipt of the NOGA or from the stamp-in date.

Budget amendments, if any, shall be approved by the Grant Manager and Director of Finance 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.

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

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

902.4 Financial Management

The District's financial management system, TxEIS Finance 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 (7 years for SHARS) 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 Officer (RMO), Director of Finance, shall be responsible to ensure that all records are retained, stored and accessible, as appropriate.

List of Federal Grant Awards

A list of all federal grant awards shall be maintained to include all EDGAR required data (denoted with an *) and district-required information listed below: [List of all federal grant awards with the required identification information is included in Section 902.9 of this manual]

- The CFDA title and number*,
- Federal award identification number and year*,
- Name of the Federal agency*, and
- Name of the pass-through entity*, if any.
- Grant Manager for each grant

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

902.41 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.

A copy of the district's Internal Control Procedures are available from the Finance department. The Director of Finance shall be responsible for the annual review and update of the Internal Control Procedures.

902.42 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. The Director of Finance shall be responsible for obtaining insurance and/or bonding, as appropriate.

902.43 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 and the invoice, whichever is later.

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

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

The district shall seek reimbursement for federal grant expenditures, rather than using an advanced payment method. Consequently, the district shall prepare and submit a "draw-down" of federal grant funds only after the payments have been made and distributed to the vendor via mail, e-payables or other delivery method. The draw-down of expended funds shall be net of all rebates, refunds, contract settlements, audit recoveries and interest earned, as appropriate. The Director of Finance shall be responsible for preparing the draw-down of federal grant funds.

902.44 Cost sharing or matching funds

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

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

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

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

902.45 Program Income

Federal regulations (CFR 200.307) allow the district to generate program income to offset federal grant award costs. **However, although the generation of income is allowed, the district has opted not to generate any program income as part of a federal grant award.**

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

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

902.5 Procurement Standards/Expenditure of Grant Funds

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

902.51 General Procurement Standards

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 and Local).

The finance 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:

- **List of all procurements by type**
- **Advertisement date(s) of the procurement**
- **Release date of the procurement specifications**
- **Selection criteria for vendors**
- **Opening date of the procurement**
- **List of vendors submitting a proposal/bid**
- **Selection of vendor**
- **Date of contract award**
- **Begin date of contract**
- **End date of contract**

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

Purchasing Efficiency Strategies

All purchases with 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 strive to avoid acquisition of unnecessary or duplicative items. The district shall implement the following strategies to maximize federal grant funds:

- Consolidation of purchases to obtain volume pricing, as appropriate
- Evaluate the cost efficiencies of leases versus purchases of equipment
- Utilize cooperative purchasing agreements, as appropriate, to obtain volume pricing
- Utilize federal or state excess/surplus property supplies or equipment in lieu of purchasing new supplies or equipment, as appropriate
- Utilizing value-engineering in construction projects to seek cost reductions
- Develop vendor selection criteria to select the best vendor
- Develop a tracking system of all informal and formal procurements
- Avoid "time and materials" contracts if other alternatives exist
- Monitor vendor performance to ensure that the vendor to ensure that the vendor provides the services and/or goods, as appropriate
- Ensure that all contract and vendor disputes are resolved in the most advantageous manner

- Minimize the risk of jurisdictional issues by ensuring that all contracts would be litigated in a court within the county, city and/or state, as appropriate

The district shall complete a review of the procurement system on at least an annual basis to self-certify that the procurement system is efficient and effective. The Director of Finance 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 Director of Finance shall develop a Corrective Action Plan to remedy the deficiencies, as appropriate.

Conflict of Interest

The District has established a conflict of interest policy (Board Policy CB Local, DBD Legal, DBD Local) which includes federal grant awards. Employees shall disclose in writing any potential conflict of interest to the granting agency. The same conflict of interest questionnaire that is used for other district functions shall be utilized for compliance with this provision. For district staff involved in federal grant awards: Superintendent, Director of Finance, Executive Director of Curriculum Services and the Special Education Director, the form CIS Local Government Officer Conflicts Disclosure Statement shall be used. Conflicts of interest, if any are reported, shall be posted on the district's website and reported to the granting agency. The Director of Finance shall be responsible for overseeing and collecting the conflict of interest questionnaires.

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.

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

902.52 Vendor Competition

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

Vendor Selection Criteria

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

- Past experience with the district
- Cost of goods and services, including future costs of maintenance
- Vendor's financial stability and position as it relates to the ability to provide the goods and/or services

- Small, minority, woman-owned, or labor surplus area firms
- Vendor has not been debarred or suspended from contracting under federal grants

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

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

A vendor database shall be maintained by the finance department on the TxEIS system.

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

- Form W-9
- Fingerprinting (If working directly with students)

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

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

The Director of Finance shall oversee all bid/proposal documents before release 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 and Local.

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

Micro-Purchase Procedures

The **Procurement by Micro-purchase** may be most frequently used method due to the frequent purchase of goods or services that are less than \$3,000, as defined in CFR 200.67. The district shall purchase goods

and services under this method from among qualified vendors, but will not competitively procure the micro-purchases, unless in the aggregate in a 12-month period (fiscal year), the district exceeds the state law thresholds, or the district's threshold in Board Policy CH Legal or Local. The Grant Manager shall distribute micro-purchases equitably among qualified vendors.

Small Purchase Procedures

The **Procurement by Small Purchase Procedures** shall be used by the district when the purchase of goods or services do not exceed \$50,000. The purchasing department shall require written, emailed or faxed quotations from a sufficient number of qualified vendors for all small purchases. The district shall strive to obtain small purchases from qualified vendors under a Cooperative Purchasing Program. The district is currently participating in the following cooperative purchasing programs:

- **TASB Buy Board**
- **TCPN**

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 if the acquisition of the goods or services lends itself to a fixed price contract and the selection of the successful bidder can be made principally on the basis of price. The district shall comply with the sealed bid requirements, as defined by the EDGAR, as noted below:

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

Competitive Proposal Procedures

The **Procurement by Competitive Proposal** method shall be used by the district when the acquisition of the goods or services exceeds \$50,000 and does not lend itself to a fixed price contract. The district shall comply with the sealed bid requirements, as defined by the EDGAR, as noted below:

- Requests for Proposals (RFP) must be publicly advertised.
- The RFP shall identify the evaluation factors and their weight in awarding the proposal.
- Proposals shall be solicited from an adequate number of bidders, but no less than two (2) qualified vendors.
- Proposals shall be evaluated, ranked and a recommendation for award made to the School Board at a regularly scheduled board meeting.
 - The district shall develop an instrument to evaluate each proposal and rank the proposals based on the evaluation scores.
 - The district shall evaluate each proposal by committee or no less than two (2) district staff with knowledge of the RFP specifications.
 - In accordance with state law, the vendor who is ranked highest as providing the “ proposal most advantageous to the district” shall be notified of the potential award.
 - The district may negotiate with the vendor only as it relates to potential cost savings.
 - If the district and vendor ceases to negotiate, the district shall notify the vendor in writing before starting to negotiate with the 2nd highest ranked vendor.

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

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 implementing strategies to encourage their participation.

The district shall comply with the federal regulations related to the procurement of recovered materials (CFR 200.322) and the Solid Waste Disposal Act.

For all purchases that exceed the Simplified Acquisition Threshold of \$150,000, the district shall perform a cost or price analysis with every procurement. Secondly, all purchases that exceed this threshold shall comply with federal bonding requirements such as:

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

The Director of Finance 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 and/or goods purchased with federal grant funds shall be subjected to the same review and approval process as all other district contracts.

The district shall retain all records related to the procurement of goods and services in accordance with federal, state and local requirements. In addition, all procurement records shall be available for inspection and/or audit during the life of the records. The district shall maintain all procurement records for five (5) years (7 years SHARS) in accordance with the district's Local Records Retention Schedule.

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 Director of Finance shall oversee the acquisition of insurance for all federally funded property.

Real Property

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

Equipment and Supplies

The district shall use federal grant funds to purchase equipment and supplies. 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 sell of the supplies. The district shall implement purchasing deadlines for the

purchase of federally-funded supplies to ensure that residual supplies are not available at the end of the grant period or project.

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, an all related costs, to record the cost of the equipment on the fixed asset database.

The district has also defined "inventory items" as items with a unit cost between \$1,000 and \$4,999, including computing devices. These items shall be tracked by the IT department by serial number. The district shall track these items for insurance purposes and shall conduct an annual inventory of these items to the extent possible.

The district has also defined technology-related "walkable" or "personal use" items with a unit cost less than \$1,000 as the following (these items shall be tracked by the Technology Department).

- i-Pads
- Chromebooks
- Mobile hotspots
- Computers with a cost under \$1,000
- Printers

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. 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 inventory every 2 years (or more frequently if required by a granting agency) of all assets and reconciliation of the inventory reports. The district's inventory of assets shall be conducted by Business Office. Lost, damaged, or stolen assets shall be recorded on the fixed assets database with the date of the loss. The disposition records such as the loss report (police report for thefts) shall be maintained with the 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 Business Office 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 Grant Manager shall verify that all proposed obligations and expenditures meet the Cost Principles. If the Grant Manager determines that the proposed obligation and/or expenditure 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 Director of Finance 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.

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,
- The costs are supported by the appropriate timekeeping, absence tracking, time & effort certifications or other documentation, as appropriate,
- Federally-funded employees shall report all outside employment or professional services rendered to other entities. The external employment and/or professional services shall not conflict with the federally-funded activities with the district,
- Incentive compensation, such as stipends, awards, early resignation incentive, attendance incentive, etc. in accordance with the district's written plans for each of these incentives,
- Stipend compensation for other non-federal grant award duties shall be supported by documentation and provided to the payroll department. 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 Summary of Employee Benefits
- 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 Summary of Employee Benefits, School Board Policy, or other written benefit plan(s). The district has established the following as **non-allowable** benefit costs:

- Severance or settlement agreement payouts to current and/or previous federally-funded grant staff [NOTE. These costs are allowed subject to strict guidelines – district option to exclude.]
- Automobile costs or allowance

Documentation of Compensation and Benefit Costs

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

- **Exempt staff**
 - Employment agreement, contract, or reasonable assurance, as appropriate
 - Job description signed by the employee with language similar to: *Funded by Title I, Part A with the primary purpose of supporting grant activities aimed at improving academic achievement for students struggling to meet state standards.*

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

902.72 Selection of Grant-Funded Staff

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

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

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

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

New Positions

New grant-funded positions shall be created only when a job description has been developed and approved by 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 Grant Manager shall review the request to ensure that the position is still authorized and necessary. Changes to the job description, if any, shall be made at this time. The Finance department shall review the request to ensure that adequate funds exist in the appropriate account code(s). If funds do not exist, the Finance department shall notify the Grant Manager to determine if funds will be re-appropriated to the account code(s). After approval from the Grant Manager and Finance department, the Human Resources department shall advertise the position.

The screening and selection process shall include a review of the recommended applicant to ensure that he/she meets the highly qualified requirements under the Every Student Succeeds Act, as appropriate, or any other grant-specific credentials.

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

Transfer of Personnel

When staff in a position funded with grant funds is recommended for transfer to another campus, department, or assignment, the grant management, 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 grant management, 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.

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

Substitute Teachers

Salary expenditures for substitute 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 compensate all substitute teachers whether paid from local, state or federal grant funds.

Stipends and Extra Duty Pay

Stipend and extra duty pay expenditures are allowable for authorized and approved activities. A schedule or work log shall be maintained to substantiate the stipend and/or extra duty pay. The 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. For example, if a teacher stipend for attending a 1-day professional development activity funded through local funds during a non-scheduled work day is \$150 per day, the teacher stipend for attending a federally-funded 1-day professional development activity should be \$150 per day, too.

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, grant management, human resources, and finance departments shall be aware of the federal guidelines related to time and effort documentation. The Grant Manager will ensure that all impacted staff are aware of the time and effort requirements.

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 funding source and the job duties as they relate to the grant position. The grant funded staff shall sign the job description at employment and on an annual basis, or at a minimum, when the funding source, job title or other change occurs in the employment or assignment of the staff member.

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

Roster of All Grant Funded Staff

The Finance department shall verify with the appropriate Grant Manager on annual basis an up-to-date roster of all grant funded staff to include the position title, annual salary, and funding source(s) by

percentage. The roster of grant funded staff shall include all staff paid with non-federal grant funds whose compensation/benefits are paid as part of a matching or cost sharing requirement of a federal grant fund.

The Finance Department and Grant Manager shall work collaboratively to ensure that the roster accurately reflects that data maintained in their respective area of responsibility. Discrepancies, if any, in the roster shall be brought to the attention of the grant management department.

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

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

The review shall occur at the beginning of the year before the Fall PEIMS snapshot date and again at the end of the year to ensure that the roster of grant funded staff is accurate and up-to-date throughout the year.

Budgeting of Grant Funded Staff

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

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

The grant management, human resources and finance 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 have to maintain periodic time and effort records. However, all employees must certify in writing, at least semi-annually, that they worked solely on the program for the period covered by the certification. The employee and his/her immediate supervisor must sign the Semi-Annual Certification Form.

The timeline for semi-annual certifications shall be once per academic semester to coincide with teaching assignment each semester. The certifications should be submitted to the Grant Manager as soon as possible after the end of the semester.

The Grant Manager review shall consist of the following:

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

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

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

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

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

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

These employees are required to maintain a Time and Effort Worksheet to account for their time.

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 immediate supervisor shall submit all signed time and effort reports to the Grant Manager.

The Grant Manager review shall consist of the following:

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

The finance department shall prepare a journal entry to reclassify the expenditures as noted on the reconciliation of the time and effort report(s). According to federal regulations, the final amount charged to each grant award must be accurate, allowable and properly allocated. The variances shall be posted prior to the final expenditure report. NOTE: The finance department should use caution to avoid excess drawdown of grant funds due to unallowable payroll costs if timely adjustments to the general ledger as not posted prior to the drawdown of funds.

Time and Effort Substitute System

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

The district has 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 Manager for each respective grant program, as appropriate.

TEA Guidelines Related to Specific Costs

The district shall adhere to TEA's Guidelines Related to Specific Costs as published to the TEA website. A copy of the guidelines shall be made available to all staff with authority to initiate and/or authorize a purchase or expenditure with federal grant funds.

Selected Items of Cost – Professional Services

902.75 Contracts and Professional Services with Grant Funds

All contracts and professional services agreements shall be reviewed and approved in accordance with the district guidelines for all non-grant funds. For example, if School Board Policy requires that all contracts

that exceed \$50,000 be approved by the Board of Trustees, all federal grant contracts that exceed \$50,000 shall also. The vendor shall complete the appropriate vendor forms:

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

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 and Finance Department review shall consist of the following:

- 1) Consultant and/or contractor has not been suspended or debarred (contracts greater than \$25,000)
- 2) The contract and/or funds have been approved in the grant application, if specific approval is required from the granting agency
- 3) The contract's nature and scope of service is directly related to the federal grant award activities
- 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 [A Resume, Vita or Statement of Qualifications shall be required for all contracts with Independent Contractors.]
- 9) The contract and/or consultant agreement meets the allowable costs principles.
- 10) A contract subject to Davis Bacon has the appropriate contract language
The contract and/or consultant agreement fee for services do not exceed any federal grant or local limits

The Grant Manager shall review and approve all contracts. The review shall consider district requirements or any other requirements specific to the contract and/or federal grants.

The final approval authority for all contracts shall be the Superintendent, unless the contract is over \$10,000, then the final approval authority shall be the Board of Trustees through approval at a regularly scheduled board meeting.

The date the district executes (signs) a contract for professional services shall be defined as the "obligation date". Since the district cannot obligate federal grant funds, except during the grant period, the district

shall not execute a contract prior to, or after, a grant period; otherwise, the costs of the professional services shall be unallowable under the federal cost principles.

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

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

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

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). (NOTE: A test of whether an expense is necessary may include the verification that the expenditure is to perform a strategy or activity in the District or Campus Improvement Plans.)
- 2) The expenditure is not required by state law or local policy.
- 3) The expenditure is allowable and has been approved in the grant application, if specific approval is required from the granting agency and is consistent with the grant purpose

- 4) The expenditure meets the allowable costs principles.
- 5) The expenditure is supplemental and not supplanting a local expenditure (NOTE: Refer to compliance issues related to supplement and supplant for additional guidance)
- 6) The expenditure has been competitively procured as required by law, as appropriate.

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

All finance department staff (accounts payable staff) shall adhere to the Accounts Payable Procedures for all check disbursements.

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 charged to Federal Funds.

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. **[Note. 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 shall not use a petty cash account to make purchases with federal grant funds.

902.77 Travel Expenditures with Grant Funds (Students & Staff)

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

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

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

- 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. 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. Excess cost of approved lodging will be paid for from local funds. Receipts shall be required for all lodging expenses. Recreational or personal services such as gyms, spas, etc. shall not be allowed with grant funds.
- Transportation – transportation expenses shall be allowed for *reasonable* expenses such as flight, rental car, taxi, shuttle, mileage reimbursement, etc. (in accordance with local travel guidelines). Receipts shall be required for all transportation expenses to the extent that a receipt is available. Transportation expenses shall be reasonable and limited to the guidance in the cost principles.

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

The 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 effort principles.
- 4) The travel is not for a contractor or consultant for *their* professional development.

- 5) 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

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

- The expenditure has been made as evidenced by distribution of a paycheck to a grant funded staff member or mailing, e-paying, or delivering a payment to a vendor. Payroll accruals will be deducted from the amount drawn down until such time as the accrual is paid.

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 finance department, Director of Finance. A detailed summary general ledger of each grant fund should be generated to determine if the district is entitled to draw-down funds, i.e. if the granting agency owes the district any funds. If the district has funds available for draw-down, a detailed general ledger should be generated and reviewed by the Director of Finance.

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.

If manual approval of an electronic draw-down is required by the granting agency, the finance 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 finance department, Director of Finance, shall respond to the request within the allotted time to avoid designation as a “high risk” grantee.

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

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

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

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

If a final draw down deadline is missed, the Director of Finance 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.]

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 Business Office Assistant will run the TEA payment report on a periodic basis throughout the month to verify receipt of funds from TEA. The Business Office Assistant shall give a copy of the TEA payment report to the Director of Finance who will verify that the appropriate amounts have been received. The Business Office Assistant will then record the grant funds received as a Cash Receipt in the 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

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 Director of Finance shall prepare and post the entry to the finance 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 district process to ensure that all grant funded activities are supplemental shall be a collaborative effort between the grant management and finance departments. Both departments shall receive training and be aware of the supplement not supplant provisions.

The Grant 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.

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 Every Student Succeeds Act (ESSA). The intent of the comparability of services requirement is to ensure that an LEA does not discriminate (either intentionally or unintentionally) against its Title I schools when distributing resources funded from state and local sources simply because these schools receive federal funds. [TEA Title I, Part Comparability of Services Guidance Handbook, 2013]

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

In completing the CAD and CCF, the Grant Manager in conjunction with the Director of Finance, if necessary, shall follow the process outlined below.

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

If TEA determines that the district is non-compliant, the finance and grant management departments shall work collaboratively to address the non-compliance. In addition, the district shall adjust the budgets as appropriate to 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 Director of Finance 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 current practice is to not apply Indirect Costs to Federal Grants. In the event it is necessary to change this practice, the district will utilize the Indirect Cost Rate post Indirect Costs for federal funds to the General Fund via a general ledger entry.

902.84 Maintenance of Effort

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

ESSA MOE

Federal statute requires that local education agencies (LEAs) receiving Title I, Part A funds must continue to maintain fiscal effort with state and local funds. An LEA may receive its full Title I, Part A entitlement if either the combined fiscal effort per student or the aggregate expenditures for the preceding fiscal year was not less than 90 percent of the combined fiscal effort or aggregate expenditures for the second

preceding fiscal year. Maintenance of Effort (MOE) is determined using state and local operating expenditures by function, excluding expenditures for community services, capital outlay, debt service, and supplementary expenses as a result of a Presidential declared disaster, as well as any expenditures from funds provided by the federal government. [[TEA ESSA MOE Handbook](#)]

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

IDEA-B MOE

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

The finance department shall compute the MOE using the [TEA IDEA-B LEA MOE Calculation Tool](#) during the budget adopted process and at the end of the fiscal year. Non-compliance with IDEA-B MOE will result in a reduction of IDEA-B funds in the exact proportion by which the district fails to meet the MOE requirement; therefore, the 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 grant management departments shall collaborate to develop a plan to bring the district into compliance with the MOE requirements.

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

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

902.85 Reporting Requirements

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

- 1) Programmatic reports such as activity, progress and evaluations – Grants Manager

- 2) Expenditure reports such as interim, draw down and final expenditure reports – Director of Finance
- 3) Compliance reports such as Comparability, Maintenance of Effort, Indirect Cost, etc. – Director of Finance
- 4) Staff meets state and local qualifications – Executive Director of Human Resources

902.86 Grant Monitoring and Accountability

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

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

The Grant Manager for each federal grant shall be responsible for the programmatic and evaluation compliance and the Director of Finance shall be responsible for the financial compliance.

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

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

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

Auditing findings or deficiencies shall be addressed in a timely manner upon receipt of the notification. The Grant Manager and Finance Department 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 (Certification)
- Refund any excess grant funds, interest, or other payables to the granting agency or pass-through agency
- Account for any real and/or personal property on hand at the end of the grant period

902.9 Grant Awards

List of Grant Awards

Title I

The purpose of Title I is to enable schools to provide opportunities for children served to acquire knowledge and skills contained in the challenging state content standards and to meet the challenging state performance standards developed for all children. This purpose is accomplished by:

- Ensuring high standards for all students;
- Providing students with an enriched and accelerated educational program including the use of arts, school wide programs, or the increase of the amount and quality of instructional time so that students served with Title I funds receive at least the classroom instruction that other students receive;
- Promoting school wide reform and ensuring access of children to effective instructional strategies and challenging academic content that include complex thinking and problem-solving experiences;
- Providing substantial staff development opportunities to significantly upgrade the quality of instruction;
- Coordinating all Title I services with each other, with other educational services, with health and social service programs funded from other sources;
- Affording parents meaningful opportunities to participate in the education of their children at home and at school;
- Distributing resources, in amounts sufficient to make a difference, to areas and campuses where needs are the greatest;

- Improving accountability by using the State assessment system to measure how well Title I students are achieving the challenging State student performance standards expected of all students; and providing greater decision making authority and flexibility to schools and teachers in exchange for greater responsibility for student performance.

Regulations provide that school-wide programs must include a **comprehensive needs assessment** to determine the performance of its children in relation to the State assessment system and student performance standards, school wide reform strategies, highly qualified professional staff; professional development for teachers and other staff, increased parental involvement, plans for assisting children in the transition to receiving schools, measures to include teachers in the decisions regarding the use of assessments, and effective, timely additional assistance for students who experience difficulty mastering any of the performance standards.

Campuses are eligible for Title I school-wide funds when 40% or more of the students enrolled or living in the school's attendance area meets the district's low income criteria. All funds must benefit the children in the current funding year, and therefore, must be expended before the middle of the spring semester. The use of the funds must be documented in the campus improvement plan and related to a need evident in the campus needs assessment.

The following questions should guide decisions in determining if an expenditure would be appropriate for Title I:

- Is the expenditure reasonable and necessary to carry out the intent of the Title I Program?
- Does the expenditure address a need identified in the campus needs assessment?
- Is the program activity or strategy described in the CIP or DIP to justify the expenditure?
- How will the expenditure be evaluated to measure positive impact on student achievement?
- How will this expenditure upgrade the entire school-wide educational program?
- How is the expenditure supplemental to other nonfederal programs?

Title II, Part A

The purpose of Title II, Part A, is to increase the academic achievement of all students by helping schools and school districts improve teacher and principal quality and ensure that all teachers are highly qualified. Funds are received through a formula basis. The current Title II, Part A replaces the previous mathematics and science program in favor of support for teacher professional development across all core academic subjects with math and science remaining high priority for funding.

Districts are required to ensure that their strategies and funded activities are grounded in scientifically based research so that students benefit from teaching practices and methods. Schools and districts are given expanded flexibility to address the need for qualified teachers and principals not only through professional development for existing staff, but through efforts that include attracting qualified individuals into teaching and offering financial incentives and other structural changes to retain them.

The Title II funds must benefit the staff in the current funding year with requisitions being submitted in a timely manner. Title II funds may only be used to purchase materials for training purposes. Allowable costs

for the Title II, Part A program include recruitment, preparation and professional development, mentoring activities for new teachers, meeting the requirements for becoming highly qualified and expand performance systems that provide differential pay and bonuses for teachers who teach in specific schools and subject areas.

The intent and purpose of the class-size reduction program is to reduce the class size using highly qualified teachers to increase achievement for regular and special needs students by providing personal attention and a solid foundation for further learning so that all students learn to read independently.

School wide programs that use Class-Size Reduction Program funds must reduce the size of classes, particularly in the early grades, using highly qualified teachers to increase achievement for regular or special needs children. District again, must use these funds only to supplement, and not supplant state and local funds that, in the absence of the federal funds, would otherwise be spent for activities authorized by Class-Size Reduction.

Title III, Part A – LEP

The purpose of Title III, Part A is to improve the education of limited English proficient children by assisting the children to learn English, meet challenging State academic content and meet student academic achievement standards. All activities must use approaches and methodologies based on scientifically based research to teach LEP and immigrant children to develop and implement new language instruction educational programs and academic content instruction programs including programs of early childhood through secondary school; carry out highly focused, innovative, locally designed activities to expand or enhance existing language instruction education program; implement within an individual school, school-wide programs for restructuring, reforming, and upgrading all relevant programs, activities, and operations relating to language instruction educational programs; and implementing, within the entire jurisdiction of the LEA, LEA-wide programs for restructuring, reforming and upgrading all relevant programs, activities, and operating relating to language instruction educational programs and academic content instruction for LEP children.

Title IV, Part A- Student Support and Academic Enrichment

Title IV, Part A, the Student Support and Academic Enrichment grant, provides funding to improve the academic achievement of all students by increasing the capacity of LEAs, schools, and communities to (1) provide all students with access to a well-rounded education, (2) improve school conditions for student learning, and (3) improve the use of technology and data to enhance academic outcomes and digital literacy of students.

Title IV, Part B- Rural and Low Income

Title V, Part B, Subpart 2—Rural and Low-Income School (RLIS) program assists eligible LEAs in addressing local academic needs more effectively by giving them greater flexibility in the use of limited Federal resources. It is designed to address the unique needs of rural school districts that frequently (1) lack the personnel and resources needed to compete effectively for Federal competitive grants and (2) receive formula allocations in amounts too small to be effective in meeting their intended purposes. Eligible LEAs are those with 20% or more of the children ages 5 through 17 years served from families below the

poverty line and with designations of a School Locale Code of 32, 33, 41, 42 or 43 as determined by the USDE National Center for Educational Statistics or SEA determines the LEA is located in an area defined as rural by the state.

Title I, Part C, Carl D. Perkins Grant

The purpose of Title I, Part C, is to develop more fully the academic and technical skills of secondary students who elect to enroll in career and technical education (CTE) programs.

The grant has a project start date of July 1 and an end date of June 30th. The supplement not supplant guideline is effective for this grant.

The following are goals for CTE grant:

- Integrate academics with CTE programs using a coherent sequence of courses
- Link CTE at the secondary and postsecondary levels
- Provide students with strong experience in and understanding of all aspects of an industry
- Develop, improve, or expand the use of technology in CTE programs
- Provide professional development programs to teachers, faculty, administrators, and career guidance and academic counselors who are involved in integrating CTE programs
- Develop and implement evaluations of the CTE programs carried out with funds, including an assessment of how the needs of special populations are being met
- Initiate, improve, expand, and modernize quality CTE programs, including relevant technology
- Provide services and activities that are of sufficient size, scope, and quality to be effective
- Provide activities to prepare special populations for high-skill, high-wage, or high-demand occupations that will lead to self-sufficiency

State CTE funds will be distributed to school districts on the basis of the number of contact hours generated by eligible students enrolled in CTE during the entire school year. Courses offered will be funded by the allotment for which they are eligible. The Summary of Finances provided by the Division of State Funding will reflect the State CTE allotment for each LEA.

Special Education Consolidated Grant (IDEA and IDEA-B Preschool)

The purpose of this grant is to provide special education and related services to children with disabilities ages three through twenty-one under the Individuals with Disabilities Act (IDEA). The funds for this grant are based on a child count and projected population and poverty allocation from the United States Department of Education (USDE) as provided by TEA and the PEIMS data submitted. Part B of the IDEA authorizes expenditures to help LEAS ensure that children with disabilities, have access to a free, appropriate public education to meet each child's unique needs and prepare him or her for further education, employment, and independent living.

Federal funds for these programs must be used to supplement (increase the level of services) and not supplant (replace) funds from nonfederal sources. Any program activity required by State law, SBOE rules or local board policy may not be paid with these funds. If the LEA maintains (or exceeds) its level of local – or state and local – expenditures for special education and related services from year to year, wither in

total or per capita, then the Part B funds are, in fact, supplementing those local – or state and local – expenditures, and the LEA has met its maintenance of effort (MOE) and supplement/not supplant requirements. No requirement currently exists related to supplanting “particular costs” and if an LEA maintains local – or state and local – effort, it will not violate the supplement/not supplant requirements of the IDEA. Cost items that are used by all students should not be funded with Part B funds. Part B funds may be used for the costs of special education and related services, and supplementary aids and services, provided in a regular classroom or other education-related setting to a child with a disability in accordance with the IEP of the child, even if one or more nondisabled children benefit from these services.

In addition to the purpose of IDEA-B Formula funds, the regulations implementing the IDEA-B Preschool funds as a part of this act define the purpose of the act as a means to supplement and increase services beyond the level of State and local funds expended for preschool students ages three through five with disabilities. The priority for these funds is to provide all students with disabilities ages 3-5 with a comprehensive program that meets their individual needs by expanding and extending services already available to these students.

The district is responsible for setting aside 25% of its tentative IDEA-B Formula base entitlement or an equivalent amount of state and/or local funds to support costs of residential placement for students in the program. Equipment is defined by 2CFR Part 225 Appendix B as an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost that equals or exceeds the lesser of \$5,000 or the capitalization level established by the LEA for financial statements. Items that are under \$5,000 or under the capitalization level established by the LEA should be budgeted under class/object code 6300 supplies and materials.

Up to 15% of IDEA-B Formula and/or Preschool funds for any fiscal year may be used to develop and implement coordinated EIS (Early Intervening Services) for students in Kindergarten through Grade 12 (with a particular emphasis on students in Kindergarten through Grade 3) who are not currently identified as needing special education or related services but who need additional academic and behavioral support to succeed in a general-education environment. (20 U.S.C. 1413(f), 34 CFR300.226)

State Compensatory Education

A student at-risk of dropping out of school includes each student who is under twenty-one years of age and who meets one or more of the following indicators:

1. Is in prekindergarten, kindergarten or grade 1,2 or 3 and did not perform satisfactorily on a readiness test or assessment instrument administered during the current school year;
2. Is in grade 7, 8, 9, 10, 11, or 12 and did not maintain an average equivalent to 70 on a scale of 100 in two or more subjects in the foundation curriculum during a semester in the preceding or current school year or is not maintaining such an average in two or more subjects in the foundation curriculum in the current semester;
3. Was not advanced from one grade level to the next for one or more school years;
4. Did not perform satisfactorily on an assessment instrument administered to the student under TEC Subchapter B, Chapter 30, and who has not in the previous or current school year

- subsequently performed on that instrument on another appropriate instrument at a level equal to at least 110 percent of the level of satisfactory performance on that instrument;
5. Is pregnant or is a parent;
 6. Has been placed in an alternative education program in accordance with TEC 37.006 during the preceding or current school year;
 7. Has been expelled in accordance with TEC 37.007 during the preceding or current school year;
 8. Is currently on parole, probation, deferred prosecution, or other conditional release;
 9. Was previously reported through the Public Education Information Management System (PEIMS) to have dropped out of school;
 10. Is a student of limited English proficiency, as defined by TEC 29.052;
 11. Is in the custody or care of the Department of Protective and Regulatory Services or has, during the current school year, been referred to the department by a school official, officer of the juvenile court, or law enforcement official;
 12. Is homeless, as defined by 42 U.S.C. Section 11302, and its subsequent amendments; or
 13. Resided in the preceding school year or resides in the current school year in a residential placement facility in the district; including a detention facility, substance abuse treatment facility, emergency shelter, psychiatric hospital, halfway house, or foster group home.

All purchases/services must be supplemental and directly related to State Comp Ed, and/or improving student achievement in language arts and/or mathematics. All Comp Ed funds must benefit the children in the current funding year.

The Texas Education Code requires each school district to have a district and campus improvement plan with the state compensatory education program described in the campus plan if the program is implemented at the campus level or to be described in the district plan if the SCE program is implemented district wide. The district and campus improvement plans are the primary record supporting expenditures attributed to the state compensatory education program.

School districts are required to have local policies and procedures to identify students who are at risk of dropping out of school under the criteria in Section 29.081, TEC; students who are at risk of dropping out of school under local criteria and document compliance with the 10% cap in Section 29.081, TEC; how students are entered into the SCE program and how students are exited from the program; the methodologies involving calculation of 110% satisfactory performance on all assessment instruments, in accordance with Section 29.081, TEC; and the cost of the regular education program in relation to budget allocations per students and/or instructional staff per student ratio.

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

General and Fiscal Guidelines

Program Guidelines

Program-Specific Provisions and Assurances

Hillsboro ISD Business Operations Manual

APPROVED BY:

(Superintendent)