



# **Mexia ISD**



## **Fiscal Manual** **(Fiscal Procedures Guide for District Staff)** **2017-2018**

REVISED January 3, 2018

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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 this State and Federal Grants Manual on an annual basis, or as appropriate, if federal, state or local changes in regulations or policy warrant immediate changes. **Administrative regulations [procedures] are subject to Board review but shall not be adopted by the Board.**

## Department of Operations and Financial Services Mission Statement

The mission of the Mexia Independent School District Department of Operations and Financial Services is to provide exemplary student-centered operations and financial services to our community, colleagues, and most importantly our students. Our dedication to treating Mexia ISD students as our most important customers will strongly support high-quality educational opportunities focused on academic, vocational, and technical skills in an environment of moral character and strong values for all students, enabling them to become proficient, lifelong learners who positively contribute to a changing and diverse society.

**The Department of Operations and Financial Services primary mandate is to protect the assets of the district and to ensure that all district transactions by all employees are performed in accordance with the laws of the State of Texas in accordance with generally accepted accounting practices.**

## Department of Operations and Financial Services Staff and Associates

The Department of Operations and Financial Services staff and associated professional staff shall perform multiple roles; however, adequate controls of separation of duties shall be maintained at all times as follows:

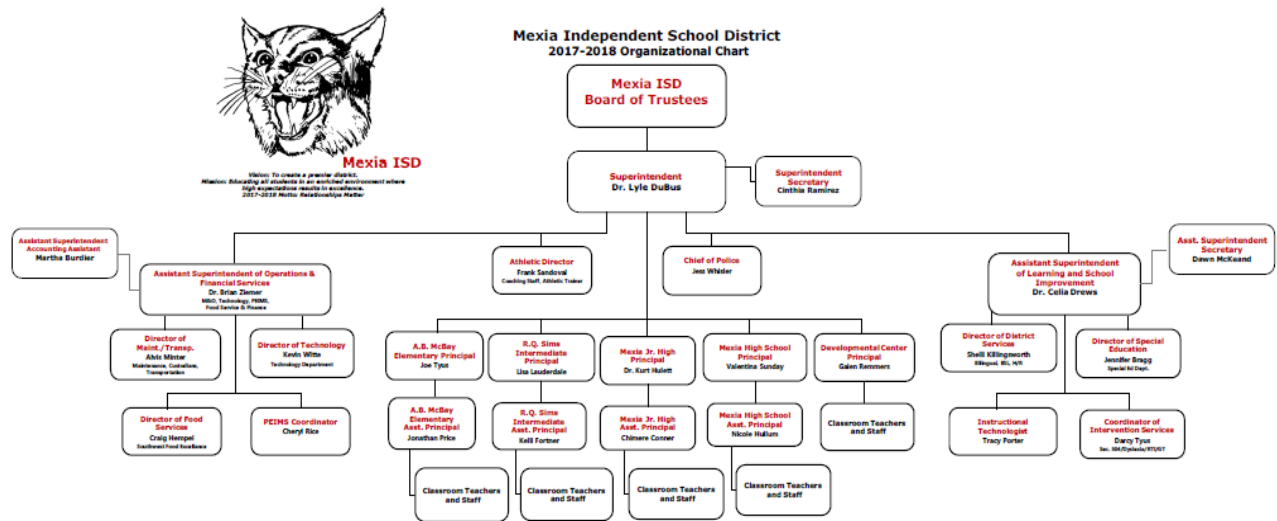
Dr. Brian Ziemer, Ph.D., CPA, Assistant Superintendent of Operations & Financial Services (254)562-4008  
Mr. Alvis Minter, Director of Maintenance and Transportation (254)562-4000 Ext. 1101  
Mr. Kevin Witte, Director of Information Technology (254)562-4000 Ext. 1301  
Mr. Craig Hempel, Director of Food Services (254)562-4000 Ext. 1201  
Mrs. Martha Burdier, Accounting Assistant to Asst. Sup. (For All Inquiries) (254)562-4000 Ext. 1400  
Mrs. Erika Chapa, Payroll Supervisor (P/R, TRS, W/Holding) (254)562-4000 Ext. 1403  
Mrs. Ashleigh Herr, Accounts Payable Supervisor (A/P, P/O's, Deposits) (254)562-4000 Ext. 1404  
Ms. Cheryl Rice, PEIMS Coordinator (PEIMS Management, PEIMS Training) (254)462-1402  
Dr. Celia A. Drews, Ed.D., Assistant Superintendent for Learning and School Improvement (254)562-4002

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,**
- **Mexia ISD Code of Conduct (Employee Handbook),**
- **Confidentiality Agreement, and**
- **Mexia ISD Acceptable Use Guidelines.**

Each staff member shall have an up-to-date job description on file in the Human Resources department. In addition, each staff member should receive 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.

## Organizational Chart



## Account Codes

All school districts are mandated to use the account code structure as defined in the Financial Accounting and Reporting (FAR) module of the Financial Accountability Resource Guide (FASRG). The appropriate fund, function, object, organization, fiscal year, and program intent code must be used for all financial transactions. Local use codes, such as the sub-object, shall be in accordance with district procedures.

The account code used for all financial transactions must match the intended expenditure. If funds do not exist in the appropriate account code, a budget amendment and/or transfer shall be submitted to appropriate the necessary funds in the appropriate account.

Failure to adhere to the required account code structure may result data quality errors in PEIMS reporting and the district's financial statements. Additional consequences may be the loss of funds due to non-compliance with audit or grant requirements.

## Activity Funds (Campus or Department)

Campus and department activity funds (under the control of the principal or administrator) shall be collected, receipted, and deposited to the district's Business Office on a daily basis. Refer to cash/check handling procedures.

Campus activity funds are managed using a centralized system. All deposits and expenditures under the centralized system shall be made through the district Business Office.

Checks for activity fund disbursements shall be generated once a week on Thursday. All supporting documentation shall be submitted at least two (2) days prior to the check processing day. Requests for emergency checks shall be kept to a minimum and shall be subject to approval only for extenuating circumstances.

Campus activity funds shall be primarily used to benefit students or the district in accordance with School Board Policy. Typical uses include field trip fees, awards, incentives, etc. These funds shall not be used for "gifts" to students and/or staff. Budgeted funds shall not be used to generate activity funds, nor shall staff (administrative or support) earn wages while generating activity funds. Giving of staff time to generate activity funds shall be voluntary.

Generating activity funds shall not in any way compete with the district's National School Lunch Program [NSLP]. Activity funds generation shall be a passive activity and shall not detract from the district's overall primary educational purpose. The generation and expenditure of campus activity funds

shall be held to the same standard and scrutiny as that of appropriated funds. Activity funds shall be audited and must adhere to accepted business practices.

Sales tax generated through fundraising activities shall be recorded and paid to the Texas Comptroller of Public Accounts on a Annual basis. Two tax-free sales per district, campus, and bona fide clubs or organizations shall be allowed each *calendar* year. The tax free days must occur on a single day (defined as a 24-hour period) or over a period of time as pre-sales with a single delivery date. A fundraising calendar should be maintained to ensure compliance with the limitation of two sales per calendar year.

Campuses may establish a faculty account such as Hospitality or Sunshine with voluntary donations from staff. These funds are not district funds and may be used in any manner. Purchases with these funds are subject to sales taxes as they represent personal purchases and not district purchases. Purchases typically include flowers for ill staff members, employee recognition awards, etc. These funds shall be deposited and expended from an Agency Fund 865.

## **Activity Accounts (Student Organizations)**

A Student Activity account shall be defined as a trust account for a bona fide student group as evidenced by a Constitution, By-Laws and elected officers. Student activity funds (under the control of the campus principal) shall be collected, receipted, and deposited on a daily basis. Refer to cash/check handling procedures. All monies collected should be receipted in a receipt book [bound and pre-numbered receipts] or on the Fundraising Collections Record form or similar form.

Student activity funds are managed using a centralized system. All deposits and expenditures under a centralized system shall be made through the district Business Office.

Checks for activity fund disbursements shall be generated once a week on Thursday. All supporting documentation shall be submitted at least two (2) days prior to the check processing day. Requests for emergency checks shall be kept to a minimum and shall be subject to approval only for extenuating circumstances.

Student activity funds shall be used exclusively for the benefit of students. Typical uses include List such as: travel, awards, banquets, supplies, etc. These funds shall be used at the discretion of the student organization through designation of one or more of its officers.

Generation of student activity funds shall not in any way compete with the district's National School Lunch Program (NSLP). An Authorization to Conduct to a Fund Raiser should be submitted to the principal or designee in advance of the scheduled activity. In addition, at the end of the fund raising activity, a profit loss statement should be filed with the principal or designee. Activity funds shall be audited and must adhere to accepted business practices.

Sales tax generated through fundraising activities shall be recorded and paid to the Texas Comptroller of Public Accounts on a annual basis. Two tax-free sales per bona fide club or organization shall be allowed each *calendar* year. The tax free days must occur on a single day (defined as a 24-hour period) or over a period of time as pre-sales with a single delivery date. A fundraising calendar should be maintained to ensure compliance with the limitation of two sales per calendar year.

Merchandise ordered for resale should be distributed to students on a written distribution log. A merchandise distribution log should reconcile with the corresponding invoice and/or packing list.

The assigned organization sponsor (professional staff member) shall be responsible for the proper management of the student activity accounts. Annual training should be scheduled to assist the organization sponsors in managing their respective student activity account(s). Every sponsor should complete and submit a Sponsor Responsibility Affidavit or similar form to the principal or designee. The treasurer and/or president of the organization shall sign-off on all purchases and/or all purchases shall be supported by club meeting minutes indicating approval of the expenditure.

Since Student Activity Accounts are trust funds that the campus manages on behalf of the students, accountability for these funds is extremely high. All Activity Account records must be maintained for a period of TSLG minimum retention period is 5 years – adhere to Local Records Retention Schedule. This includes merchandise logs, receipt logs/books, profit/loss statements, etc. At the end of every school year, the principal or designee, as part of the closeout procedures, shall collect all club records for storage on the campus for one (1) year(s), then at the Records Center or other location for the rest of the archival period of time. New receipt books should be issued to staff members for each fiscal year.

## Audits

Audits may be conducted throughout the fiscal year by Business Office staff and/or regulatory agencies. Audits may include the annual financial audit, the Single Audit (federal grant funds), activity accounts, petty cash, payroll, attendance accounting, PEIMS, drop-out, state compensatory education, or other audits as deemed appropriate. The two most comprehensive audits are noted below:

### Annual Financial Audit

An annual financial audit must be conducted by an independent CPA firm selected by the district [Board of Trustees] and reviewed by the TEA Division of Financial Audits. The annual financial audit must be submitted to the TEA Division of Financial Audits by the established deadline of 150 days after the end of the fiscal year, specifically for the district's fiscal year ending August 31<sup>st</sup>, the report shall be filed by January 28<sup>th</sup>. In addition, the audit report should be filed with the following: Incommons Bank, Insurance Agent, RBC Capital Markets, and MSRB.

The district has engaged the CPA firm of Anderson, Marx & Bohl, P.C. to conduct the annual financial audit for fiscal year(s) 2017-2018. The role of the CPA firm is to conduct a district-wide audit of the district's financial statements, internal control procedures, and to test transactions to determine compliance with local, state and federal regulations.

All financial transactions shall be in accordance with local, state and federal audit guidelines. The Financial Accountability System Resource Guide (FASRG) posted on the TEA website shall be utilized to ensure awareness of audit compliance areas. In addition, the OMB Circular A-133 shall be utilized to ensure awareness of audit compliance areas for all state and federal grant funds.

The Assistant Superintendent of Operations and Financial Services is responsible for coordinating and overseeing the annual financial audit.

### Single Audit

The Single Audit Act and OMB Circular A-133 require school districts that expend total federal financial assistance (FFA) equal to or in excess of \$500,000 in a fiscal year to have an audit performed in accordance with the Act. School districts expending less than \$500,000 in federal financial assistance in a fiscal year are not required to have either an audit under the Single Audit Act and OMB Circular A-133 or a *program audit*, however, they must maintain records to support federal financial assistance programs and must have a financial audit performed under generally accepted auditing standards (GAAS) and *Government Auditing Standards* (GAS), also referred to as the Yellow Book. The single audit must be conducted in accordance with United States Office of Management and Budget, OMB Circular A-133 and the OMB A-133 Compliance Supplement. [Excerpt from TEA FASRG Audit Module]

The district has engaged the CPA firm of Anderson, Marx & Bohl, P.C. to conduct the single audit for fiscal year(s) 2017-2018. The role of the CPA firm is to determine the major program(s) for the fiscal year and to issue an opinion on the federal statements for the federal program(s) and test transactions to determine compliance with internal controls and federal program guidelines.

The Assistant Superintendent of Operations and Financial Services is responsible for coordinating and overseeing the single audit.

## Budget Adoption

The district must adopt a budget not later than August 31<sup>st</sup> of each year. The Board of Trustees shall publish a notice and conduct a public hearing regarding the budget prior to adoption of the budget. The district must also publish a notice regarding the proposed budget on the district website.

At a minimum, the Board of Trustees shall adopt a budget that includes the General Fund, Food Service Fund and Debt Service, if any. The budget shall be adopted at the function code level; therefore, any changes to the budget at the functional level, shall be approved by the Board of Trustees prior to exceeding a functional expenditure category.

The adopted budget shall be reported to TEA on an annual basis through the fall PEIMS submission.

The Assistant Superintendent of Operations and Financial Services shall be responsible to coordinate the development and adoption of the district budget.

Every campus and department shall be responsible for monitoring and amending their respective budget to ensure that it meets the identified needs of the campus or department. The adopted budget shall correlate directly and/or indirectly to the District Improvement Plan and Campus Improvement Plans.

## **Budget Amendments**

A budget amendment is defined as a transfer of funds across different functions. For example: a budget amendment would result if instructional funds (function 11) were requested to be transferred to the library (function 12). Budget amendment line items should exceed \$100 to minimize the number of small amendments, and be stated in whole dollars.

Budget amendments must be approved by the School Board approval is required prior to exceeding the budget in any functional level. Requests should be submitted in accordance with agenda deadlines posted by the Superintendent. Remember that if a purchase order is pending the outcome of a budget amendment, the purchase order will not be processed until after the School Board has approved the request.

## **Budget Transfers**

A budget transfer is defined as a transfer of funds which is not across different functions. The Assistant Superintendent of Operations and Financial Services shall approve all budget transfers. Budget transfer line items should exceed \$100 to minimize the number of small transfers, and be stated in whole dollars.

To keep budget transfers to a minimum, each budget manager should review his/her budget on at least a monthly basis to determine if any budget transfers are necessary. Each budget manager is encouraged to limit budget transfers to no more than twelve (12) per year. Exceeding this recommended level or budget transfers may substantially change the budget document that was presented to the School Board during the budget adoption process.

## **Cash/Check Handling**

All cash and checks shall be deposited to the appropriate secretary or bookkeeper on a daily basis. No post-dated checks will be accepted. Funds should not be kept in classrooms, personal wallets or purses, or at home for extended periods of time. No cash purchases should be made – *every* dollar collected should be receipted and deposited to the campus secretary/bookkeeper. All district funds shall be deposited to the appropriate district and/or campus account at the district's depository bank, Incommons Bank.

The secretary/bookkeeper shall receipt [in a bound, pre-numbered receipt book] and forward all monies on a daily basis to the district's Business Office, or secure overnight in a locked campus safe if the deposit cannot be made the same day.

Athletic event gate receipts (admission fees) shall be recorded on an Athletic Gate Receipts Form and submitted by the Ticket Taker to the Business Office. Funds shall be deposited to the appropriate athletic events revenue account(s).

Personal employee checks shall not be cashed from monies collected at the campus or district level to ensure an adequate audit trail of all funds collected by the district.

All district and activity account bank statements shall be reconciled within 10 days after the end of each month. The individual responsible for reconciling a bank account shall not receive and open the bank statement. TEA strongly recommends separation of duties as they relate to the initial review and reconciliation of bank statements. Fraud, if any, shall be reported immediately to the Assistant Superintendent of Operations and Financial Services. Adjustments to the general ledger, if any, shall be posted as soon as possible, but not later than thirty (30) days after the end of each month.

## Check Processing

Business Office checks will be printed, endorsed, and released on a weekly basis. Generally, checks will be generated on Thursday. At times checks may be processed earlier or later, due to holidays, staff work schedules or unforeseen events. All check requests, including supporting documentation, such as travel advances/reimbursements, construction, etc. shall be approved by the appropriate principal or administrator and submitted to the Business Office by 4:00 pm on Tuesday. Requests received after this time will be processed the following week. Check requests without all of the supporting documentation will not be accepted, nor processed. The Business Office shall determine the date that vendors will be paid, so employees should not make prior commitments to vendors about check disbursements.

The appropriate forms shall be used for travel disbursements, all other non-purchase order disbursements and/or reimbursements shall be submitted on a Payment Authorization form. State law generally requires that the district pay all invoices within 30 days to avoid penalty and interest charges, so all invoices should be submitted to the Business Office on a timely basis for payment. Specifically, the Government Code (Section 2251.021) states:

*TIME FOR PAYMENT BY GOVERNMENTAL ENTITY. (a) Except as provided by Subsection (b), a payment by a governmental entity under a contract executed on or after September 1, 1987, is overdue on the 31st day after the later of:*

- (1) the date the governmental entity receives the goods under the contract;*
- (2) the date the performance of the service under the contract is completed; or*
- (3) the date the governmental entity receives an invoice for the goods or service.*

*(b) A payment under a contract executed on or after September 1, 1993, owed by a political subdivision whose governing body meets only once a month or less frequently is overdue on the 46th day after the later event described by Subsections (a)(1) through (3).*

Checks not cashed by the expiration date one hundred twenty (120) days from date of issue will be voided. A new check will be reissued at a fee of five (5) dollars if the payee is located and requests a reissue. Otherwise, the funds will be distributed in accordance with the State of Texas Unclaimed Property Guidelines.

## Consultants or Contracted Services

Consultants and contracted vendors are non-employees who are contracted to perform a personal or professional service such as staff development, medical services, repairs, etc. that cannot be performed by a school district employee. A Consultant Service Contract or similar form is required for every consultant and contracted vendor. The Superintendent is/are the only individual(s) authorized to sign contracts on behalf of the district. **No other employee is authorized to sign a contract or agreement on behalf of the district.** An employee who signs a contract or agreement, without proper authorization, will be personally liable for the terms of the contract or agreement.

Contracts that exceed \$25,000 shall be approved by the Superintendent and the School Board.

The selection criteria of a consultant or contracted vendor may include the following:

- Vendor credentials, including license, education level, or specialized skills
- Vendor reputation, as evidenced by references from past clients
- Past experience with the school district
- Cost of service(s)

Consultants and contracted vendors shall be selected through a competitive procurement process in accordance with the state purchasing laws and School Board Policy. [Refer to Board Policy CH Legal and Local] According to Board Policy CH Legal, the purchasing requirements of Education Code 44.031 do not apply to a contract for professional services rendered, including the services of an architect, attorney, certified public accountant, engineer, or fiscal agent.

There shall be a separation of the solicitation and evaluation functions from the contract award function. The Assistant Superintendent of Operations and Financial Services shall be responsible for oversight of the solicitation and evaluation of all competitive bids and/or proposals. Superintendent or designee, School Board shall be responsible for approval or award of contracts.

Please follow these procedures when submitting a Consultant Service Contract:

- o Submit a completed Consultant Service Contract to the Superintendent for review. The Superintendent shall forward the contract to the School Board for final approval.
- o Obtain the following documents from the consultant or contracted vendor:
  - o A completed W-9 form
  - o Conflict of Interest Questionnaire
  - o A Felony Conviction Form
  - o If the consultant will work directly with students, a Criminal Check Authorization form and State Board of Educator Certification fingerprinting documentation.

Contracted services include services such as repairs, maintenance, technical support, and related services. Documentation of insurance, such as general liability, workers compensation, and auto liability, shall be submitted to the Business Office with the purchase order. The Certificate of Insurance shall name “Mexia ISD” as additional insured. No work shall be performed by the consultant or contracted vendor until *all* required documents, especially proof of insurance, are received by the Business Office.

Payments to consultants and contracted service vendors will not be made until the person responsible for monitoring and/or accepting contract performance has approved a detailed invoice. The detailed invoice must include the date(s) of service, service(s) performed, and the negotiated rate of pay.

## Copiers

The district owns or leases multiple copiers that are strategically placed in different campuses or departments. **The copiers are for district business use only.** All district staff shall comply with the acceptable use guidelines related to the use of district copiers, especially as it relates to the avoidance of copyright infringement.

## Credit Cards

The district utilizes credit cards for travel only. All credit receipts (detailed, itemized) shall be submitted to the Business Office within two (2) days of purchase to ensure prompt payment to the vendor. If receipts and credit card receipts are not submitted on a timely basis, these charges will be Temporarily posted to the campus’ activity account until receipt of the supporting documentation or subject to immediate reimbursement by the employee. District credit card usage may be suspended and/or revoked if receipts are not submitted on a timely basis.

All district employees that have been authorized to utilize a credit card for purchases shall sign a Credit Card User Agreement. Violations of the Credit Card User Agreement may result in disciplinary action, up to and including employment termination. All authorized credit card users shall be responsible for the security of their assigned credit card(s).

All credit card purchases with state and federal funds shall comply with the OMB Circular A-87 guidelines. Specifically, all credit cards purchases shall be recorded on the general ledger in detail to include the date of the transaction, the merchant, goods/services purchased, cost, and the purchaser. Grant administrator or other approvals required under the regular purchasing procedures of the school district shall be adhered to regardless of the method of payment.

## Donations and Gifts

Donations or gifts of cash or cash equivalents (gift cards), equipment, or materials to individual schools or to the district by individuals or organizations shall become property of the district. The Donation Form shall be completed by the donor. District employees are prohibited by law from intentionally or knowingly offering, conferring, agreeing to confer on another, soliciting, accepting, or agreeing to accept a personal gift or benefit.

Cash donations shall be deposited to the appropriate account in accordance with the cash/check handling procedures. Gift card donations from external sources shall be recorded on a Gift Card Register and maintained in a safe until utilized by the appropriate individual(s).

Donated equipment shall have an inventory tag affixed to it if the unit value is greater than five thousand dollars (5,000). In addition, the equipment shall be added to the district inventory.

All donations shall be approved by the School Board; All donations for technology equipment shall be approved by the Technology Director prior to the Superintendent and/or School Board approval.

## **Field Trips, Co-Curricular and Extra-Curricular Travel**

All field trips shall be submitted for approval at least two (2) weeks prior to a field trip. The field trip request should be forwarded to the appropriate administrator for approval. The final approval will rest with the Superintendent or designee. A purchase order shall be submitted for admission fees, meals, etc., if any. In addition, a Field Trip Lunch Request shall be completed and submitted two (2) weeks prior to the field trip to the Food Service Director.

Overnight and out-of-state student trips shall be subject to the guidelines as stated in School Board Policy FMG Local. Approvals from the parents, campus principal, and Superintendent or designee must be obtained prior to the student trip. If School Board approval is also required for an overnight or out-of-state trip, an action item must be placed on a School Board meeting agenda.

If a district-owned vehicle or school bus is requested, specific details regarding the destination, type of vehicle, departure and return times shall be submitted at least two (2) weeks prior to the field trip. If the requestor will be driving a district-owned vehicle, he/she must be listed on the Authorized Driver List.

Educational field trips funded with state or federal grants shall adhere to the TEA Guidelines for Related Costs (located under Grant Management Resources on the TEA website). Specifically, the following documentation must be submitted to support the expenditures with grant funds:

- Destination of each field trip
- Costs associated with each field trip
- Objectives to be accomplished from conducting the field trip
- Teacher's lesson plan and follow-up activities

State or federal grant funds will not be utilized for field trips that are for social, entertainment, or recreational purposes or are not properly documented in accordance with the guidelines.

## **Fiscal Year**

The fiscal year begins on September 1<sup>st</sup> and ends on August 31<sup>st</sup>. All goods and/or services received and invoiced during these dates must be paid from current fiscal year funds.

All invoices for goods received before August 31<sup>st</sup>, shall be submitted to the Business Office by September 10<sup>th</sup> for processing and payment.

## **Fixed Assets & Inventory**

Fixed assets are defined as equipment with a unit value over \$5000. These assets are tracked and recorded on the district's financial general ledger. Fixed assets that are stolen, obsolete, damaged beyond repair, etc. should be reported to the Business Office for removal from the district's financial records. All fixed assets must be purchased through the use of an Object Code 663X. Fixed assets are subject to audit on an annual basis. Documentation shall be maintained to support all additions, deletions, or changes to the fixed asset balances. Please refer to the district's Fixed Asset Handbook for detailed procedures and forms.

Inventory items are defined as equipment with a unit value over \$500, but less than \$5000. Other items with a unit value under \$500 are also tracked and tagged such as:

- TVs and playback devices (e.g., Blu-ray)
- stereo system components,
- digital cameras and camcorders,
- computers and office equipment,
- e-Readers,
- I-Pads,
- PDAs, and
- selected items of lesser value that may be susceptible to personal use or theft

Inventory items are tracked and recorded on the district's inventory tracking system. Inventory items that are stolen, obsolete, damaged beyond repair, etc. should be reported to the Business Office for removal from the district's inventory tracking system. Inventory items are also tracked for insurance purposes. Inventory items (with a unit value between \$500 and \$4999) must be purchased through the use of an Object Code 6649. Inventory items (with a unit value less than \$500) must be purchased through the use of an Object Code 6399.

A Fixed Assets Transfer Form, should be utilized to transfer equipment from one room to another, one campus/dept. to another, or to transfer obsolete equipment to the Warehouse storage area. The loss or theft of inventory and fixed asset items should be reported immediately to the Business Office.

All staff will be provided an inventory list for their respective classroom, office, or work area at the end of the school year. After verifying the list, each employee shall return the verified list to his/her immediate supervisor. The end-of-the-year list should include all items that were assigned at the beginning of the year, plus any items purchased throughout the school year. Staff will not be released for the summer until their inventory list has been verified and submitted to the immediate supervisor. Missing items, if any, must be indicated on the inventory list. In addition, an explanation regarding why the item(s) is missing shall also be submitted with the list.

Items lost due to theft or vandalism must be reported immediately to Assistant Superintendent of Operations and Financial Services for police report and insurance claim purposes.

The Receipt and Use of District Property Form will be used to assign district property, such as cameras, PDAs, laptops, etc. to district staff for business purposes. The receiver should read the form carefully due to the potential tax and financial impact of using the assigned property for personal benefit.

## **Fundraising Activities**

Fundraising activities by student groups and/or for school sponsored projects shall be allowed, with prior administration approval and under the supervision of the project sponsor, for students in all grades.

All fund-raising projects shall be subject to the approval of the principal. The Authorization to Conduct a Fundraiser shall be completed by the Club Sponsor and submitted to the Campus Principal or designee for approval. The secretary/bookkeeper shall keep a copy of all approved fundraiser forms to ensure that funds are deposited on a timely basis.

Student participation in approved fund-raising activities shall not interfere with the regular instructional program.

Merchandise ordered for resale should be distributed to students on a written distribution log (refer to Fundraising Documentation Forms). The merchandise distribution log should reconcile with the corresponding invoice and/or packing list.

At the conclusion of all fundraisers, the Club Sponsor shall complete a Fundraiser Profit/Loss Statement and submit to the Campus Principal or designee for approval.

All fundraising documentation shall be subject to audit and must be kept on file for five (5) years from the date of the fundraising event.

Money raised by student clubs shall be used to benefit the group as a whole rather than being credited to student individual accounts. According to the IRS Publication 557, if individual accounts are used to accumulate fundraising profits for individuals, then a) the money becomes taxable to the student; and b) the people who donate in good faith are not allowed to deduct their contributions.

For example, if students are raising money for their club to pay for an out-of-town trip, the entire amount collected should be divided by the students participating in the trip regardless of the amount that each individual student raised through fundraising activities.

Fundraising revenues may be subject to sales tax. Refer to the Activity Account Handbook for specific information related to taxable sales, non-taxable sales, tax-free sales, etc.

## **Fraudulent or Other Dishonest Acts**

All Board of Trustees, employees, vendors, contractors, consultants, volunteers and other parties involved with the district shall act with integrity and diligence in duties involving the district's financial

resources. Fraud and other dishonest acts will not be tolerated by the district. Violators shall be disciplined, may be terminated and may be reported to the appropriate authorities

Any and all concerns about potential fraudulent activities should be reported to any supervisor, the Superintendent or designee, the Board President, or local law enforcement. Neither the Board, nor any district employee, shall unlawfully retaliate against a person who in good faith perceived fraud or financial impropriety.

Fraudulent acts may include, but are not limited to the following:

- Forgery or unauthorized alteration of any document or account belonging to the district.
- Forgery or unauthorized alteration of a check, bank draft, or other financial document.
- Misappropriation of funds, securities, supplies, or other district assets, including employee work time.
- Impropriety in the handling of money or reporting of district financial transactions.
- Profiteering as a result of insider knowledge of district information to outside parties.
- Unauthorized disclosure of confidential or proprietary information.
- Unauthorized disclosure of investment activities engaged in or contemplated by the district
- Accepting or seeking anything material value from contractors, vendors, or other persons providing services or materials to the district, except as otherwise permitted by law or district policy.
- Inappropriately destroying, removing, or using records, furniture, fixtures, or equipment.
- Failure to provide financial records required by state or local entities.
- Failure to disclose conflicts of interest as required by law or district policy.
- Any other dishonest act regarding the finances of the district.

The Superintendent, Board President, or a designee shall be responsible for conducting all fraud investigations. If an investigation substantiates fraud, the report shall be provided to the Superintendent and the Board of Trustees. The report shall include the findings, action(s) taken and/or recommendation(s) for action. If any employee is found to have committed fraud, they shall be subject to disciplinary action, up to and including termination of employment and referral to law enforcement or regulatory agencies, as appropriate.

## **Gift Cards**

District funds shall not be used to purchase gift cards. According to the Internal Revenue Service (IRS), gift cards in any amount are taxable to the employee and must be reported as taxable wages. Gift cards, if any, issued to employees should be processed through the employee's paycheck.

According to IRS regulations, gift cards donated to the district by outside sources are also taxable to the employee if awarded to the employee by the district. Gift cards shall not be issued to staff without prior approval from the Superintendent.

Gift cards for merchandise received from an outside source must be tracked on a Gift Card Register Form. All receipts for purchases with the gift card should be attached to the form. The purchases must be for the benefit of the district or a campus/department.

## **Hotel Occupancy Tax Exemption Form**

This form shall be used for in-state school-related travel to conferences, workshops, etc. Copies may be obtained from the district webpage or via the web at the Texas Comptroller of Public Accounts website: <http://www.window.state.tx.us/taxinfo/taxforms/01-forms.html>. Lodging taxes, which should have been exempt, will be unauthorized for reimbursement if the traveler fails to present the certificate to the hotel. The traveler will be held responsible for such charges, if any.

This form is not applicable to out-of-state travel.

## Invoices

Vendors are required to submit all invoices to the Business Office, yet occasionally an invoice will be mailed directly to a campus or department. If any invoices are received at the campus or department, they should be signed (if the goods/services were received), and forwarded to the Business Office.

Texas law requires that all invoices be paid to vendors within 30 days of receipt of the goods/services. If the district fails to pay promptly, the vendor can assess penalty interest charges. If a staff member neglects to submit an invoice on a timely basis, he/she may be held personally liable for the penalty interest charges.

Requests for reimbursement from other entities shall be processed through a district invoice. Campuses and departments shall submit their reimbursement documentation to the Business Office for preparation of the district invoice. The Business Office issues invoices for reimbursement requests from outside entities as needed. The invoices are tracked so that funds are collected on a timely basis. Assistant Superintendent of Operations and Financial Services is responsible for preparing district invoices.

## Payroll Procedures

Every non-exempt employee shall record *all of their own* work hours through the Truetime timekeeping system or through the manual time cards. Failure to clock-in or out may result in non-payment of unverified work time and disciplinary action. Falsification of payroll records such as reporting excessive work hours or participating in a practice of clocking in/out for other employees constitutes fraud. Violators will be subject to disciplinary action, up to and including termination of employment.

All administrative supervisors shall sign off on the Timesheet for their respective paraprofessional and support employees and submit the report(s) every Wednesday by 4:00 p.m. All corrections to “punch times” in the timekeeping system should be submitted via a Punch Correction Form with the administrative supervisor’s signature of approval.

All non-exempt employees shall comply with the work schedule assigned by their respective supervisor. All overtime shall be pre-approved by the Superintendent. All overtime will be compensated via compensatory – in accordance with the FLSA requirement to enter into a prior agreement, unless prior approval has been obtained from the supervisor. An employee who repeatedly works in excess of his/her assigned work schedule, without authorization, will be subject to disciplinary action, up to and including termination.

All employees shall complete an Absence from Duty form when absent from work to ensure that the time off is recorded in their respective leave record. Staff members shall report all absences and leave requests to their immediate supervisor. All forms shall be submitted to the Payroll Department by 4 p.m. on Monday of the following week.

In addition, every campus/department shall submit an approved Timesheet to the Payroll department by 4:00 p.m. every Wednesday. These reports will be used to reconcile all employee absences.

Supplemental payment forms shall be generated by the respective employee, approved by the immediate supervisor and submitted to the Payroll department by the 10<sup>th</sup> of every month. The supplemental payments will be processed for the next pay period. Supplemental payments should include the following: employee name, reason for pay, payment amount, budget code(s), date(s) worked, and be supported by sign-in sheets (attached to payment form).

All payroll disbursements shall be coded to the appropriate account code in compliance with the Financial Accountability System Resource Guide (FASRG). Disbursements from state or federal grant funds shall also comply with the OMB Circular A-87, especially in the following areas:

- All state and federal grant funded staff must sign a job description that includes their respective position, job duties, funding source(s), etc.
- Time and effort documentation shall be created by every staff member paid from state or federal grants and approved by the immediate supervisor
- All time and effort documentation shall be submitted to [and approved by] the grant administrator for the respective funding source.
- All time and effort documentation shall be submitted to the Business Office for reconciliation of the budgeted salary expenditures and the actual time worked on each state or federal grant.

## Purchasing Deadlines

In an effort to maximize the use of budgeted funds during the current fiscal year, the purchasing deadline for **supplies and equipment** shall be **April 1<sup>st</sup>**. Summer needs for staff development and summer school should be anticipated and ordered prior to the deadline. Purchasing documents for **services and travel** should be submitted by **August 1<sup>st</sup>**. At times, the purchasing deadlines for state or federal grants may be earlier than the deadlines stated above due to grant ending dates. The specific purchasing deadlines for state and federal grants will be distributed on an annual basis by the Grant Administrator.

## Purchase of Food and Non-Food Items

Food and non-food items (such as paper plates, cups, silverware, etc) shall be for instructional purposes (Food Science & Nutrition, science projects, etc), for meetings/training sessions, or other approved functions. These food and non-food items may not be consumed or used for personal use. Excess prepared food items may be consumed or disposed of as appropriate. Food purchases for the Child Nutrition Program shall be subject to the U.S. Department of Agriculture guidelines.

Generally, snacks, food, and non-food supplies for staff development purposes shall be charged to a staff development account code (function 13). Use of district funds for food or snacks shall be allowed only during a “working lunch”. Documentation to support the “working lunch” shall include a meeting agenda with the inclusion of a “working lunch”. If state or federal grants are used for food, all purchases shall be in compliance with the TEA Guidelines for Related Costs (located under Grant Management Resources on the TEA website). Specifically, at no time shall state or federal funds be used to purchase breakfast or other non-allowable food items.

If food or non-food supplies are utilized for faculty, site-based meetings, etc., the expense shall be coded to the Campus Activity Account (fund 461). All other uses should be coded to the appropriate account code.

## Purchase Requisition and Order Forms

A purchase order form is used to purchase supplies, equipment, or services from an external vendor. Requisition forms should be created in the Skyward Finance system by the requesting campus or department and submitted to the Business department for approval of a purchase order. The electronic system allows users to enter purchase requests electronically, verify account balances, select pre-approved vendors, etc. at the point of data entry. Budget codes must be noted on all requisitions. Supporting documentation such as order forms, graphics, etc. shall be submitted to the Business department.

After the requisitions pass all electronic approvals, the purchase order form is generated by the Business department. Each purchase order is uniquely numbered for audit tracking purposes. **No employee shall order or receive goods without an approved purchase order.** A requisition cannot be used to place an order. All purchase orders should be mailed, emailed or faxed to vendors by the requesting department, exceptions if any, should be approved by the Assistant Superintendent of Operations and Financial Services.

According to Board Policy CH (Local), employees who violate the district purchasing procedures shall be held personally liable for the debt incurred.

Purchases for goods or services from state or federal grant funds shall comply with the TEA Guidelines for Related Costs (located under Grant Management Resources on the TEA website). Specifically, all non-allowable expenditures shall not be funded from state or federal grant funds. The respective grant administrator for the state or federal grant funding sources shall approve all requisitions from the funding source(s) they oversee. All purchases with state and federal grant funds shall include the respective District Improvement or Campus Improvement Plan (DIP & CIP) strategy related to the need for the goods or services.

## **Purchasing Laws**

The Texas Education Code (TEC) addresses the requirement to competitively bid purchases that exceed \$25,000, in the aggregate, over a 12-month period. Since non-compliance may result in criminal penalties, this requirement will be strictly enforced.

The district has implemented an administrative procedure to solicit quotes for purchases, which exceed \$10,000, in the aggregate, over a 12-month period. District policy recommends a minimum of three (3) quotes for all individual purchases exceeding \$10,000; the written (faxed or emailed) quotes should be attached to the purchase requisition.

Anticipated purchases, which may exceed these limits, should be brought to the attention of the Business Department well in advance of the need for the goods or services. The bidding process may take approximately 2 to 3 months, from bid specification development to School Board approval.

According to Board Policy CH (Legal), a board member, employee, or agent shall not, with criminal negligence, make or authorize separate, sequential, or component purchases to avoid the purchasing requirements set out in Education Code 44.031. An officer or employee shall not knowingly violate Education Code 44.031 in any other manner. "Component purchases" means purchases of the component parts of an item that in normal purchasing practices would be made in one purchase. "Separate purchases" means purchases, made separately, of items that in normal purchasing practices would be made in one purchase. "Sequential purchases" means purchases, over a period, of items that in normal purchasing practices would be made in one purchase. Violation of this provision is a Class B misdemeanor and an offense involving moral turpitude, conviction of which shall result in removal from office or dismissal from employment.

## **Receiving of Goods**

The district utilizes a decentralized receiving system – all goods are delivered to the Originating Campus/Department as appropriate. A copy of every purchase order for goods (supplies/equipment) will be forwarded to the receiving clerk. Upon receipt of the goods, all items that require an inventory or fixed asset tag will be tagged by the Business Office personnel. All orders will be delivered to the respective campus or department with a packing list for "check-off" and verification of receipt. Discrepancies, if any, should be reported to the receiving clerk. Upon receipt of the receiving report and the invoice, the vendor will be paid for the order. Staff members that receive authorization to pick-up goods directly from a vendor shall submit written confirmation of receipt to the receiving clerk.

Shortages, damaged goods, or other receiving deficiencies shall be reported immediately to the receiving department supervisor. The department supervisor shall contact the appropriate vendor to address the deficiencies. At no time shall a campus or department return merchandise to a vendor or request replacement merchandise. Failure to comply with this procedure may result in overpayments to the vendor.

## **Records Regulations**

The Local Government Records Act of 1989 [and changes that were enacted by the 74th Legislature in 1995], requires all local governments to establish a records management program by ordinance, order or resolution and filed with the Texas State Library and Archives Commission (TSLAC). All local governments must file records control schedules or a written declaration of adoption of the State schedules. The deadline for compliance was January 4, 1999.

The TSLAC is responsible for the development of record retention schedules for governmental agencies. Various retention schedules address the types of records created and maintained by school districts such as GR – Government Records, EL – Election Records, TX – Tax Records, and especially, SD – School District Records. These schedules reflect the minimum retention period for each type of record.

The district has implemented a Local Records Retention Schedule that includes the types of records created and maintained by the district. This schedule also includes the minimum retention period for each type of record. The local retention period may be greater, but not less than the retention period set by the state.

Board Policy CPC Legal defines a record as noted below:

*A “local government record” means any document, paper, letter, book, map, photograph, sound or video recording, microfilm, magnetic tape, electronic medium, or other information-recording medium, regardless of physical form or characteristic and regardless of whether public access to it is open or restricted under the laws of the state, created or received by the District or any of its officers or employees, pursuant to law or in the transaction of public business.*

Records of the district may not be destroyed except as prescribed by law and district procedures. The district’s Records Management Officer, Assistant Superintendent of Operations and Financial Services shall be responsible for overseeing the records management program to include collecting, archiving, and destroying records as appropriate. The unauthorized destruction of local government records is a Class A misdemeanor and, under certain circumstances, a third degree felony (Penal Code, Section 37.10). Anyone destroying local government records without legal authorization may also be subject to criminal penalties and fines under the Public Information Act (Government Code, Chapter 552).

All requests for district records, under the Public Information Act, shall be directed to Superintendent.

## **Rental of Facilities**

The Department Administrator shall coordinate the rental of district facilities. This individual shall approve the rental agreements and coordinate with all related campuses and departments, especially as it relates to the availability of specialized facilities, electrical, cooling/heating, etc. A Rental Agreement is required for all rentals of facilities by outside organizations. All contracts shall include a minimum cleaning fee of \$50 unless waived. In addition, all direct expenses for district staff such as custodial, food service or police shall be included in the agreement. All cleaning fees and direct expenses shall be paid to the district and deposited to the appropriate revenue account. At no time shall an outside entity pay a school district employee directly for work performed within the scope of their employment with the district.

Other fees, if any, will be negotiated with the lessee at the time that the rental agreement is executed.

Refunds, if any, to the lessee shall be processed for payment through the district’s on-line requisition system to the appropriate vendor.

## **Returned Checks**

All makers of returned checks will be charged a fee of \$25.00. The fee is subject to increase based on the district’s depository bank service fee schedule for returned checks. The district shall reserve the right to reject future checks from makers of returned checks.

## **Sale of Personal Property – Surplus**

All supplies and equipment which are deemed to be surplus [not of any use to the district], will be recommended to the Superintendent Board Policy CI for sale via a Surplus Sale. One (1) surplus sale(s) may be scheduled per year.

Surplus sales shall be advertised in a local newspaper, on the district’s website, or other method as appropriate. Items shall be sold through marked pricing, sealed bids, auction, or other acceptable method that results in the best return for the district.

Neither district supplies, nor equipment, shall be sold or conveyed other than through a surplus sale, unless authorized by the Superintendent or the School Board, as appropriate.

## **Sales Tax Exemption Form**

The sales tax exemption form shall be used for school-related purchases only. Misuse of the exemption form for personal purchases constitutes a misdemeanor.

Copies of the exemption form may be obtained from the Texas Comptroller for Public Accounts website: <http://www.window.state.tx.us/taxinfo/taxforms/01-forms.html> . Taxes, which should have been

exempt, will not be authorized for reimbursement. It is the purchasers responsibility to present the exemption form to the vendor at the time of the purchase.

Purchase of personal items for staff or students are not eligible for the sales tax exemption.

## Travel Expense – Advances & Settlements

All travel requests shall be submitted through the Skyward Finance system at least two (2) weeks prior to the travel event (meeting, conference, workshop, athletic event, etc). The travel request shall be forwarded to the appropriate administrator for electronic approval. The final approval shall rest with the Superintendent, per Board Policy DEE. After the final approval, the travel advance request and requisition shall be submitted for approval by the immediate supervisor.

The documentation for travel expenses is a **three-part process**. The Travel Authorization form acts as approval to attend the event, an estimate of travel expenses and request for advancement of estimated travel expenses. The Travel Settlement form acts as the certification that the employee traveled and reconciles actual travel expenses. The Internal Revenue Service (IRS) requires a settlement of advanced business expenses and it dictates that if a settlement is not received within a reasonable time period, that the amount of the advance be deducted from the wages of the employee and properly taxed on the next paycheck.

The travel rates for meals, lodging, mileage, and airline are limited to the rates and amounts stated in School Board Policy DEE Local and subject to state or federal limits. Refer to the Mexia ISD Travel Guidelines for Employees for current policies, procedures and reimbursement rates.

**Part 1.** The Travel Authorization form shall be utilized by all staff to request travel funds for travel expenses such as registration, meals, transportation, lodging, etc. In addition, the form shall be utilized by campus staff to request travel funds for student travel expenses such as registration, meals, transportation, lodging, etc. The immediate supervisor and the Superintendent or designee shall approve all travel requests.

The current staff travel rates shall be in accordance with the rates set by the district and the Current Mileage and Travel Reimbursement Rates Applicable to State and Federal Grants as published by TEA. Specifically, the domestic maximum per diem rates for travel with state and federal grants shall be limited to the rates as listed on the General Services Administration (GSA) website: <http://www.gsa.gov/portal/category/21287>. If the local rates set by the district exceed the state and federal grant per diems, the excess travel costs shall be paid from local funds. The local staff travel rates are: view per diem rate schedule for both lodging and meals.

The student travel rates are: view per diem rate schedule for both lodging and meals.

**Part 2.** The estimated travel expenditures shall be entered into the Skyward Finance requisition system. Funds must be available and encumbered for all estimated expenditures. Typically, several requisitions would be entered to encumber funds for meals, lodging, registration, transportation and other expenses to the respective payee.

**Part 3.** The Travel Settlement form shall be submitted within five (5) days after the return of the traveler. All actual travel expenses shall be recorded on the settlement form, with receipts for all expenses except mileage. Meal receipts are not required except for travel on federal grants money. However, the traveler should complete and submit a certification that all meal per diem funds were expended during the authorized job-related travel.

If travel funds were advanced through a check, all travel monies due to the district shall be submitted with the Travel Settlement Form. All monies due to the traveler will be paid upon approval of the immediate supervisor and availability of budgeted funds. A Travel Coding Sheet may be used to allocate the travel expenditures to local and/or state/federal funds, as appropriate.

The TEA Travel Guidelines for state and federal funds shall be utilized to ensure that all travel expenditures are in compliance with state and federal guidelines. The guidelines may be found at the TEA website:

[http://tea.texas.gov/About\\_TEA/News\\_and\\_Multimedia/Correspondence/TAA\\_Letters/Current\\_Travel\\_and\\_Mileage\\_Reimbursement\\_Rates/](http://tea.texas.gov/About_TEA/News_and_Multimedia/Correspondence/TAA_Letters/Current_Travel_and_Mileage_Reimbursement_Rates/) Exception: If a conference is held or sponsored by a hotel and a discount is given for using that particular hotel an exception may be given if reasonable.

## **Vendors**

Purchases from vendors that operate on a cash basis (do not accept purchase orders) or cash on delivery (COD) will not be allowed. The district participates in several cooperative purchasing programs. A list of these programs is available from the Business Department. Priority should be given to these vendors since the goods and/or services have been subjected to the rigor of a competitive bid process.

Requests to add new vendors shall be accompanied with a New Vendor Packet. The packet shall include the following. Other documents may be required based on the services to be performed by the vendor.

- W-9 form,
- Conflict of Interest Questionnaire (CIQ), and
- Felony Conviction Notice
- Other documents may include a Criminal History check and fingerprinting if the vendor will work directly with students, and/or a Certificate of Insurance if the vendor will perform services on district property. The Certificate of Insurance shall include the minimum level of insurance in the areas of auto liability, general liability, and workers compensation.

The W-9 Form is essential to add the business or contractor to the vendor database. The name of the vendor, as stated on the W-9 Form, shall be entered on the vendor database. Payments will not be made to vendors without a W-9 Form on file.

As a matter of law, all existing and new vendors shall be required to complete and file a CIQ. The governing body (School Board) and the Superintendent shall complete and file Local Government Officer Conflicts Disclosure Statement (CIS) with the Business Office.

The Felony Conviction Notice shall be collected from all vendors that enter into a contract with the school district. The Texas Education Code, Section 44.034(a) states that a person or business entity that enters into a contract with a school district must give advance notice to the district if the person or an owner or operator of the business entity has been convicted of a felony. The notice must include a general description of the conduct resulting in the conviction of the felony.

Furthermore, Section 44.034(b) states that a school district may terminate a contract with a person or business entity if the district determines that the person or business entity failed to give notice as required by Subsection (a) or misrepresented the conduct resulting in the conviction. The district must compensate the person or business entity for services performed before the termination of the contract.

Lastly, Section 44.034 (c) states that this section does not apply to a publicly held corporation.

In addition to the felony conviction verification, the district shall obtain a criminal history background check and/or fingerprinting verification for all vendors that will work directly with students.

## **General Ledger Maintenance, Transactions and Processes (†)**

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 Assistant Superintendent of Operations & Financial Services shall be responsible for monitoring the general ledger maintenance on a monthly and ongoing basis. The general ledger shall be reviewed daily by the Business Office staff 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). All journal entries shall be numbered for tracking purposes. An automated numbering system shall be utilized by the district. The Business Office staff shall be authorized to create and post journal entries to the general ledger.

All payroll general journals shall be interfaced to the finance system by the Business Office staff. The Business Office staff shall verify that the pre-post payroll general journals and the finance payroll general journals are in balance and posted accurately to the general ledger. All payroll general journals must be posted to the finance general ledger no later than the actual pay date.

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

School Board reports and a detailed check payments report for the previous month should be generated and forwarded to the Superintendent by the Assistant Superintendent of Operations & Financial Services for Board review. The financial reports and check payment list shall be approved by the School Board monthly.

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

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

The Assistant Superintendent of Operations & Financial Services shall review a summary general ledger on a monthly and ongoing basis to ensure the accuracy of fund accounting.

### **Data Entry and Validation (†)**

All data entry shall be from the appropriate source document(s). All data entry shall be validated (verified) with the source documents. A system of checks and balance shall be in place to ensure that all postings to the general ledger result in the desired outcome. For example, a cash receipt journal shall be validated to ensure that the total amount deposited matches the posted cash receipt journal. Ongoing, daily data entry validation greatly increases the accuracy of the fund accounting and facilitates reconciliation of the monthly bank statements with the general ledger.

### **General Ledger Transactions – (†)**

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

- **Date of the general ledger transaction** – the date of the transaction should be within the posting month and within the posting fiscal year.
- **Account code(s)** – the proper account code shall be used for all transactions
- **Journal [transaction] number** – the number assigned should be manually or automatically assigned in a sequential order. A log of the journal numbers utilized each fiscal year should be available in a manual or automated form. Automated, system-generated general ledger entries shall be easily distinguished from manual general ledger entries.
- **The credit and debit amounts** – the total debits must match the total credits
- **Reason for the general ledger transaction** – the reason should explain the reason for the transaction such as cash receipt number, adjustment to budget/expense, etc.
- **Supporting document** – supporting documentation, if any, shall be filed with a copy of the journal entry 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 Business Office staff 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 account codes must be 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 reviewed 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
- End-of-Month Activities (Report Generation & Verification)
- Run End-of-Month Reports (archival purposes)
- Process the End-of-Month Close

## End of Fiscal Year Process

All changes to the general ledger should be posted within the same month as the changes occurred, if possible, or as soon as practicable. Within 30 days after the fiscal year, all end-of-fiscal year reports should be reviewed, verified and electronically filed 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 payables** – all payables due to others (vendors especially), as of August 31, shall be posted to the general ledger. The amounts due for all goods and/or services received as of August 31st are classified as accounts payable and paid during the next fiscal year. The district has established an July 31st cut-off for prior year accounts payable, unless the accounts payable expense exceeds \$10,000 and is known prior to the end of the audit field work. [Note. The accounts payable account (2110) in the prior fiscal year and the next fiscal year must be in balance.]
- **Reconcile all accrued wages and benefits as of August 31st** – All accrued wages and benefits shall be posted to the general ledger, especially for all wages earned in June 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. For example, a maintenance agreement that has a term of January 1<sup>st</sup> through

December 31<sup>st</sup>, would have an expense for 6 months in the current fiscal and a prepaid expense of 6 months at the end of the fiscal year. [Note. The prepaid expenses should be cleared in the next fiscal year by posting the expense to the appropriate expense account code(s).

- **Reconcile the fixed assets ledger with all fixed asset additions, deletions, or changes** – All assets (as defined in the Fixed Asset Procedures) acquired during the fiscal year shall be added to the fixed asset ledger. All assets disposed of (sold or lost) shall be removed from the fixed asset ledger. Changes, if any, to the location, value, or category of assets shall be posted to the fixed asset ledger in Fund Code 901.
- **Reconcile the fund balance as of August 31st** – All changes, reductions, additions, and/or designations [restricted, committed, assigned, etc.] of fund balance accounts shall be posted to the general ledger. All budgetary fund balance accounts (object code 3700) shall be posted to the appropriate fund balance account (typically object code 3600). [Note. Changes to the budgeted and committed fund balances should be supported by minutes of Board approval. The Assistant Superintendent of Operations & Financial Services is authorized by the School Board to assign fund balances.]

### Segregation of Duties (†)

The Business Office staff and professional associates shall operate under a segregation of duties, including but not limited to, the following:

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

### Records Management, Retention and Access (†)

All financial records for the current fiscal year shall be retained for audit purposes in accordance with the Federal Records Retention Schedule. Destruction of records, at the expiration of the records, shall also be in accordance with the Federal 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. The following records shall be maintained in electronic format with hard copy workpapers filed as appropriate:

- **Draw Downs**

The following records shall be maintained in electronic format:

- **Grant Applications**

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

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

The Records Custodian for the financial records of the district is the Assistant Superintendent of Operations & Financial Services, with support of the Business Office staff. All questions related to the retention, destruction, and/or addition of new record series shall be directed to the Superintendent.

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

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

All 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 Assistant Superintendent of Operations & Financial Services and 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/contract termination.

Each Business Office 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 2 minutes of nonuse.

## **Assignment of Access and Passwords (†)**

Access to data systems shall be based on the specific job duties and responsibilities of each district staff member. Except for limited exceptions, staff will not be given unilateral access to all modules in the financial and payroll system. These restrictions to unilateral access are designed to prevent complete autonomy which could lead to fraud.

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

Data system access to the authorized modules, shall be determined by the Superintendent and contracted business manager. 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 Business Office staff regarding the ability to access the restricted database or module(s).

## **Revoking Access (†)**

Access to data systems are subject to change and/or revocation when changes occur to a staff member's position, duties or responsibilities. Access to data systems are also subject to revocation when a staff

member violations the Responsible Use Guidelines. Each district staff member shall sign a Responsible Use Guidelines every fiscal year.

### **Staff Training (†)**

Every Department of Operations and Financial Services staff member will be scheduled to attend at least one training and/or conference opportunity per year.

An annual training calendar shall be developed that may include, but is not limited to, topics in the following areas:

- **Account coding**
- **Payroll and Human Resources Compliance Issues**
- **PEIMS Data Reporting and Quality**
- **GASB**
- **Audit requirements**
- **Legal changes, such as Purchasing**
- **State and Federal Grants Management**
- **Data system (software)**
- **Travel Guidelines**

Additional training requests should be submitted to the Assistant Superintendent of Learning and School Improvement. 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 Assistant Superintendent of Learning and School Improvement may also recommend or direct that a staff member attend specific training to improve their skills or comply with a Growth Plan.

Critical training areas shall include, but not be limited to:

- **Activity Account Management**
- **Budget Development Process**
- **Cash Management**
- **State and Federal Grants Management**
- **Accounts Payable Process**
- **Purchasing Process**

### **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. 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 and 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.

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

At the District level, managing State and Federal Grants shall be an exclusive process of the Assistant Superintendent of Learning and School Improvement in conjunction with the Business Office staff (Accounting, Budgeting, Purchasing, Payroll, etc.). The Assistant Superintendent of Learning and School Improvement shall be responsible for the duties and responsibilities as they relate to the management of state and/or federal grants. The duties of the Assistant Superintendent of Learning and School Improvement in conjunction with the Business Office staff are listed below in general terms. Additional, specific duties and responsibilities may be listed within an area of compliance within this manual.

Assistant Superintendent of Learning and School Improvement and/or Business Office staff

- Budgeting grants funds. Preparing and posting the initial budget and all amendments to the general ledger.
- 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 reconciliation of the time and effort reports, as appropriate if adjustments are necessary

- Managing the day-to-day cash needs for grant expenditures and drawing-down cash reimbursements, as appropriate
- Managing all purchasing and contractual commitments in compliance with the grant periods and allowable cost principles
- Retaining all financial records for the required length of time (5 years) for audit purposes
- Managing all fixed assets and ensuring compliance with the inventory and disposition federal guidelines
- Recruiting and hiring of all grant-funded staff
- Ensuring that all grant-funded staff meet the Highly Qualified Staff federal guidelines, as appropriate (And, all state certification requirements)
- Ensuring that all grant-funded staff have a job description with the grant-related duties and funding. (And, that all grant-funded staff sign a on an annual basis)
- Preparing the Highly Qualified Staff Annual Report and conducting the required public notice or hearing, as appropriate
- Maintaining audit-ready HR employee files for financial audit or single audit purposes, as appropriate
- Developing and maintaining all salary schedules to ensure consistency between local and non-local pay rates (Includes base salaries, stipends and extra-duty rates of pay)
- Determining the position title, Role ID and other salary information for use in completing the grant application
- Retaining all personnel records for the required length of time (5 years) for audit purposes
- Working cooperatively with the campus administrative staff to ensure that all grant activities are collaboratively planned and appropriate to each campus.
- Providing supporting documentation for budgeted grants funds. And, submitting all grant amendments to the Business Office staff to facilitate budget amendments.
- Preparing all grant-related programmatic (evaluation) reports (monthly, quarterly and/or annual).
- Ensuring compliance with the FASRG in coding all payroll and non-payroll expenditures.
- Receiving and monitoring the time and effort reports, as appropriate, and submitting adjustments, if any, to the Contracted business manager
- 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
- Obtaining and retaining information regarding the number and type of grant-funded positions approved in the grant application by the granting authority
- Verifying all grant-funded staff meet the Highly Qualified Staff federal guidelines, as appropriate (And, all state certification requirements)
- Verifying all grant-funded staff have a job description with the grant-related duties and funding. (And, that all grant-funded staff sign a job description on an annual basis)
- Verifying that the Highly Qualified Staff Annual Report and conducting the required public notice or hearing, as appropriate
- Determining the position title, Role ID and other salary information for use in completing the grant application

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

### **901 State Programs – Allotments**

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

paid by TEA and funds owed by a district are paid to TEA (or TEA reduces the following fiscal year funds by the amount owed to the state).

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

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

During the budget process, the estimated state allotment shall be calculated by the Assistant Superintendent of Operations & Financial Services based on prior year special program enrollment and average daily attendance (ADA). The estimated state allotment by special program shall be provided to the Business Office staff as noted below. The Assistant Superintendent for Learning and School Improvement shall be responsible for the programmatic compliance in their respective program(s). Programmatic compliance shall include, but not limited to: program eligibility, program design, instructional delivery, entry/exit procedures, professional development, certification, etc. Each of the following special programs are managed by the Assistant Superintendent of Learning and School Improvement:

- **Special Education**
- **Career & Technical Education**
- **Gifted & Talented Education**
- **State Compensatory Education (SCE)**
- **Bilingual/ESL Education**

The Assistant Superintendent of Learning and School Improvement, in conjunction with the Assistant Superintendent of Operations and Financial Services shall be responsible for the financial compliance in each of these special programs. Financial compliance shall include, but not limited to: budgeting development and monitoring, approval of expenditures, financial reporting to TEA, and financial audit.

As part of the budget adoption process, the Assistant Superintendent of Learning and School Improvement, in conjunction with the Assistant Superintendent of Operations and Financial Services shall verify that the proposed budget includes appropriations in each of the special programs of *no less* than the percentages stated above as required direct expenditures for each special program. [Note. If the District does not budget to compliance, it may not spend to compliance.]

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

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

Basic Services – PIC 1X

- PIC 11                      Basic Educational Services

Enhanced Services – PIC 2X – 3X

- PIC 21                      Gifted & Talented
- PIC 22                      Career & Technical Education
- PIC 23                      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 School wide 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 fulltime 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.

By September 1st at the beginning of each fiscal year, the Assistant Superintendent of Learning and School Improvement shall prepare a Staff FTEs report that is based on the campus Master Schedule. The Staff FTE report shall reflect the names of all staff, the position, and the assignment(s) by PIC code. For example, a teacher that teaches 4 special education classes and 4 career and technical education courses, should have .5 FTEs in PIC 23 and .5 FTEs in PIC 22. The program intent (‘PIC’) codes are below:

- PIC 21 Gifted & Talented
- PIC 22 Career & Technical Education
- PIC 23 Special Education
- PIC 24 Accelerated Education (State Compensatory Education)
- PIC 25 Bilingual Education
- PIC 25 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 School wide Activities related to SCE

All staff assigned to support all students, not specifically served in a special program, shall be coded as basic population served (01) and the basic program intent code (11). The Assistant Superintendent of Learning and School Improvement shall also submit a Staff FTE report for non-campus administrative staff by September 1st at the beginning of each fiscal year. The PIC codes for the non-campus staff shall reflect what they do, where they are assigned to work, and the special program(s) that they support.

The Staff FTEs reports shall be submitted to the Business Office no later than the deadline of September 1st at the beginning of each fiscal year. The Assistant Superintendent of Operations and Financial Services shall verify the Staff FTEs and ensure that funds are budgeted in the appropriate payroll account codes. Budget changes and/or amendments, if any, shall be prepared by the Business Office staff. [Note. The

minimum spend percentages shall be verified again to ensure that the budgeted amount by PIC still meets or exceeds the minimum spend percentage by special program.]

After approval of the Staff FTEs reports, the Assistant Superintendent of Operations and Financial Services shall submit the Staff FTEs for the purpose of updating the payroll distribution record(s) of each district employee. The Assistant Superintendent of Learning and School Improvement shall be responsible to ensure that any changes to staff assignments are submitted to the Business Office within five (5) days of the assignment change. The prior process of verifying the FTEs/account codes, approval of the FTE report, and submission of the reports to the payroll department shall occur upon the receipt of assignment changes.

### **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 Assistant Superintendent of Learning and School Improvement.

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

The Career and Technical Education program must adhere to state law, Texas Education Code (TEC) 29.181 and TEC 42.154. Chapter 29 addresses the programmatic guidelines related to eligibility, identification, and program services. Chapter 42 addresses the funding weight(s) and allowable costs. Specifically, each school district shall identify students eligible for the CTE program and serve the students in an appropriate manner to obtain state funds. The Master Schedule shall serve as the official document to support that each student was enrolled in a CTE course. All student identification and enrollment shall meet the special program guidelines in the Student Attendance Accounting Handbook (SAAH). Student enrollment data shall be submitted to TEA through the PEIMS Fall Submission as of the snapshot date. The attendance and/or contact hour data for funding purposes shall be submitted to TEA through the PEIMS Summer Submission.

The Special Program Administrator with oversight responsibility to certify the CTE special program data prior to submission to TEA shall be the Superintendent.

### **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 Programs Administrator with oversight responsibility to certify the Special Education program data prior to submission to TEA shall be the Assistant Superintendent of Learning and School Improvement.

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

The Compensatory Education program must adhere to state law, Texas Education Code (TEC) 29.081 and TEC 42152. Chapter 29 addresses the programmatic guidelines related to eligibility, “at risk” identification, and program services. Chapter 42 addresses the funding formula and allowable costs. The SCE program is funded based on the highest six (6) months of free and reduced lunch eligibility students in the prior school year. The Food Service Director shall provide the monthly counts of free and reduced lunch eligibility to the Business Office staff on a monthly basis for the purpose 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 Principal shall be responsible for identification of all at risk students. The at-risk student enrollment shall be reported to TEA through the PEIMS Fall Submission.

The SCE program compliance is unlike the other special programs in that it requires specific documentation as outlined in the Financial Accounting System Resource Guide (FASRG) Module 9. The District Improvement Plan (DIP) and Campus Improvement Plans (CIP) are the primary source of documentation for the expenditure of SCE funds. According to TEA, annually within 150 days after the last day permissible to send data for the PEIMS data FINAL Midyear resubmission 2 (typically late July), the District shall electronically submit a PDF version of the DIP and at least two (2) CIPs through the TEASE system. The determination regarding which CIPs to submit to TEA shall be based on the TEA guidelines in the FASRG, Module 9.1.2 Summary of Filing Requirements. The District’s submission dates shall be as noted below to ensure compliance with this critical requirement.

- **Campus Principal shall submit their CIPs to Superintendent by September 1st**
- **Superintendent or designee shall submit the DIP to TEA by September 1st**
- **Superintendent or designee shall submit the DIP and CIPs through TEASE by September 1st**

Financial guidelines related to supplement not supplant, targeted-assistance versus school-wide campus expenditures, staffing formulas, job descriptions, time and effort, student case counts, local identification criteria and allowable costs are described in Module 9 State Compensatory Education.

#### **901.5 Bilingual and ESL**

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

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

The Special Program Administrator with oversight responsibility to certify the Bilingual and ESL special program data prior to submission to TEA shall be the Assistant Superintendent of Learning and School Improvement.

#### **901.6 High School Allotment**

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

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

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

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

The Assistant Superintendent of Learning and School Improvement and the Assistant Superintendent of Operations and Financial Services with oversight responsibility of the High School Allotment program shall determine the allocation per campus and provide guidance to each secondary campus regarding the use of the HSA funds.

## **902 Federal Grants**

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

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

### General Provisions:

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 for all federal grant awards and 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. The Local Government Officer Conflicts Disclosure Statement shall be completed by all district staff involved in federal grant awards: Superintendent. Conflicts of interest, if any are reported, shall be posted on the district’s website and reported to the granting agency. The Superintendent 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 Assistant Superintendent of Operations & Financial Services shall be responsible for overseeing, reporting and documenting any fraud, abuse or waste of federal grant funds.

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

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

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

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

**Pre-Federal Award Requirements:**

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

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

1. Timely submission of all required programmatic and financial reports
2. Complying with the federal grant award fiscal guidelines and allowable cost principles
3. Ensuring that all grant-related staff are properly trained in their respective grants management role on at least an annual basis.
4. Implementing grant management procedures and internal controls

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

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

## **902.1 Grant Application Process**

The district may be eligible to apply for “entitlement” or “competitive” federal grant funds.

Federal entitlement grant funds include, but are not limited to, No Child Left Behind (NCLB), Individuals with Disabilities Education Act (IDEA), and Carl D. Perkins. The “maximum” and/or “final” entitlement awards for the district are posted on the TEA Grants Management webpage at:

<http://tea.texas.gov/index4.aspx?id=5040>. The Superintendent shall obtain the annual entitlement amounts and begin the grant development process with the appropriate stakeholders.

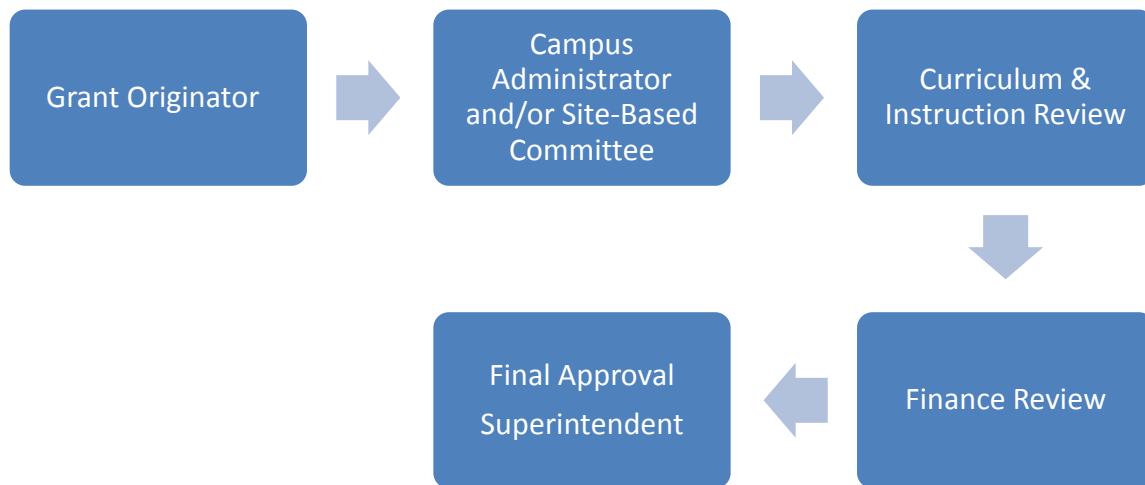
A list of competitive grants administered by the TEA are also posted on the TEA Grants Management webpage at: <http://tea.texas.gov/index2.aspx?id=2147487872>. The Superintendent shall obtain the competitive grant information to determine whether the grant(s) is appropriate for the district. Some competitive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

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

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

- **Sample Application**
- **Deadlines and Due Dates for: grant application, amendments and grant reporting.**

All district staff involved in the management of federal grant awards shall be aware of these resources. The school district's grant application process for federal grants is illustrated below on the flowchart below. As noted on the flowchart, all grant applications must be reviewed by 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). 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 Assistant Superintendent of Learning and School Improvement shall work collaboratively with the Assistant Superintendent of Operations and Financial Services 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 Assistant Superintendent of Learning and School Improvement 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 and not approved until the NOGA is issued.]

The Assistant Superintendent of Operations & Financial Services shall notify the appropriate department when the funds have been budgeted and are ready for expenditure.

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

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

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

The Assistant Superintendent of Learning and School Improvement 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 Assistant Superintendent of Learning and School Improvement 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.

## **902.3 Budgeting Grant Funds**

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

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

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

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

The TEA Grants Division has developed guidance related to "When to Amend" grants administered by the TEA. The guidance document is posted on the TEA website at:

[http://tea.texas.gov/Finance\\_and\\_Grants/Administering\\_a\\_Grant.aspx](http://tea.texas.gov/Finance_and_Grants/Administering_a_Grant.aspx).

The guidance document contains the following guidance:

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

In addition to TEA's guidelines, federal regulations require that the district amend the grant application when we deviate from the original scope or grant objectives. Other amendments may be necessary as well when there are changes within the district regarding the grant.

The Assistant Superintendent of Operations and Financial Services 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 Assistant Superintendent of Operations and Financial Services shall initiate the amendment process and collaborate with the Assistant Superintendent of Operations and School Improvement 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 Assistant Superintendent of Learning and School Improvement shall approve all federal grant amendments.

The Assistant Superintendent of Operations and Financial Services shall be responsible for ensuring that the finance system budget corresponds to the most recent grant NOGA.

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

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

### **FFATA Reporting**

The district shall report the following for all federal grant awards, as appropriate. The Assistant Superintendent of Learning and School Improvement shall be responsible for collecting and reporting the information.

1. The following data about sub-awards greater than \$25,000
  - a. Name of entity receiving award [entity = district]
  - b. Amount of award
  - c. Funding agency
  - d. NAICS code for contracts / CFDA program number for grants
  - e. Program source
  - f. Award title descriptive of the purpose of the funding action
  - g. Location of the entity (including congressional district)
  - h. Place of performance (including congressional district)
  - i. Unique identifier of the entity and its parent; and
  - j. Total compensation and names of top five executives (same thresholds as for primes)
2. The Total Compensation and Names of the top five executives if:
  - a. More than 80% of annual gross revenues from the federal government, and those revenues are greater than \$25M annually and
  - b. Compensation information is not already available through reporting to the SEC.

## **902.41 Financial Management**

The district's financial management system, Skyward Finance System, shall be utilized to expend and track all federal grant expenditures and shall conform to TEA's Financial Accountability System Resource Guide (FASRG) account code structure. 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 in accordance with the Federal Records Retention Plan. The Superintendent 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 is listed below. A detailed list of all federal grant awards with the required identification information is included in 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.
- Primary district contact person for each grant.
- Sub grants, if any
- TEA-assigned risk level for each grant, as appropriate.

On at least a quarterly basis, the Assistant Superintendent of Operations & Financial Services shall review the status of each federal grant fund. The review shall include a comparison of budget to expenditures.

### **902.42 Internal Controls**

The district's 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 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 embedded with this manual and available from the business department. The Superintendent shall be responsible for the annual review and update of the Internal Control Procedures.

### **902.43 Bonds**

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

### **902.44 Payment**

Payments to vendors shall be made promptly in accordance with federal regulations and state law. Specifically, in accordance with the Texas Prompt Payment Act, the district shall pay all invoices within 30 days of receipt of the goods/services 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 Assistant Superintendent of Operations & Financial Services shall be responsible for preparing the draw-down of federal grant funds. All draw-downs shall be recorded on the general ledger as a receivable when the draw-down process is complete and posted to the cash account upon receipt of the receivable.

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

The district does not participate in cost sharing or matching funds as part of a federal grant award.

#### **902.46 Program Income**

The district will not generate any program income as part of a federal grant award.

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

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

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

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

The Assistant Superintendent of Operations & Financial Services 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 normal expenditure processes in place for non-grant funds.

##### **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) and the district's Purchasing Procedures. The district purchasing procedures shall comply with all federal, state and local procurement requirements.

The Assistant Superintendent of Operations and Financial Services 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 Superintendent shall oversee the completion of the self-certification. The results of the certification shall be distributed to the Finance Department. If deficiencies are noted, the Superintendent shall develop a Corrective Action Plan to remedy the deficiencies, as appropriate.

#### Conflict of Interest

The Superintendent shall execute an Organizational Conflict of Interest document to disclose if any conflicts exist in the application, receipt of, or expenditure of federal grant funds. The Superintendent shall execute a Conflict of Interest Form to disclose a conflict of interest, as appropriate, related to the awarding of a contract or substantial expenditures with federal grant funds. Substantial expenditures shall be defined as a purchase in excess of \$25,000. No employee, officer, or agent may participate in the selection, award,

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

## **902.52 Vendor Competition**

The Assistant Superintendent of Learning and School Improvement 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

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 contracted business manager. The district's

**Adding/Renewing Vendors Procedures** shall be adhered to for all purchases. Vendor selection shall include the following criteria:

- Has not been debarred or suspended from contracting under federal grants

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

- Vendor application file (new vendors)
- Form W-9
- Conflict of Interest Questionnaire
- Felony Conviction Notice
- 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 Assistant Superintendent of Learning and School Improvement with the Assistant Superintendent of Operations and Financial Services 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 Superintendent shall be responsible for selecting the appropriate procurement method for each procurement.

### Micro-Purchase Procedures

The Procurement by Micro-purchase may be the most frequently used method due to the frequent purchase of goods or services that are less than \$3,500, 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 Superintendent or designee 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 \$150,000, the Simplified Acquisition Threshold (CFR 200.88). The Superintendent shall require written, emailed or faxed quotations from at least three (3) qualified vendors for all small purchases, i.e. purchases that do not exceed \$3,000. 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**
- **Lubbock-Cooper ISD Purchasing Group (LCISD)**

### 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, but no less than two (2) bidders
- Bids must be publicly advertised and bidders shall be provided an adequate amount of time to prepare and submit their bid.
  - The district shall publicly advertise all bids in accordance with state law, i.e. at least two (2) times in two separate weeks
  - The district shall provide no less than ten (10) days for bidders to prepare and submit their bids
- Bids must contain detailed specifications to ensure that bidders have a clear understanding of the goods or services that the district is seeking to purchase
- Bids must specify the time, date and district location where bids will be opened publicly
- Bids must be awarded based on a fixed price contract to the lowest responsive and responsible bidder. The district shall consider discounts, transportation costs and life cycle costs only if these factors were included in the bid specifications. The district will not consider payment discounts because the district does not routinely take advantage of payment discounts.
- Bids will be evaluated, ranked and a recommendation for award made to the School Board at a regularly scheduled board meeting.
  - 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 (RPF) 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 2<sup>nd</sup> 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 Superintendent or designee 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 in accordance with the Federal 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 Superintendent 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 may use federal grant funds to purchase equipment only subject to specified grant requirements.

### 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 \$500 and \$4,999. These items shall have a tag affixed to the item for inventory tracking and insurance purposes only. Inventory items shall include computing devices within these costs. The district shall track these items for insurance purposes and shall conduct an annual inventory of these items to the extent possible. 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 Information Technology Department).

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

### **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 annual inventory (or more frequently if required by a granting agency) of all assets and reconciliation of the inventory reports. [Note. Federal requirements CFR 200.313 requires an inventory at least once every 2 years.] The district's annual inventory of assets shall be conducted by August 31st each fiscal year. Lost, damaged, or stolen assets shall be recorded on the fixed

assets database with the date of the loss. The disposition records such as the loss report (police report for thefts) shall be maintained with the asset records.

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

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

The Director of Information Technology ('IT') and IT staff shall be responsible for maintaining the fixed asset database of all district assets, including all federally-funded assets.

## **902.7 Cost Principles**

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

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

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

The district shall utilize the Allowable/Allocable Costs Worksheet to verify that all proposed obligations and expenditures meet the Cost Principles. If the Worksheet reflects 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 Business Office staff 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 Business Office staff 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.

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

All district costs with federal grant funds, whether direct or indirect, shall meet the minimum allowable requirements 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 Assistant Superintendent of Operations & Financial Services on case-by-case basis for being allowable. The general cost allowable rules for specific items of cost listed within these procedures shall apply to all federal grant funds, unless more restrictive allowable rules are required by a particular federal grant award. The district shall adhere to the more restrictive allowable rules when a conflict arises between the general allowable rules, the program-specific allowable rules and the district's allowable rules.

#### Selected Items of Costs

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

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

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

#### Compensation Costs

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

- The costs are reasonable for the services rendered and conforms to the established district compensation and benefit plans for expenditures with all other funds, i.e. local funds,
- The employees have been employed in accordance with the district's established Hiring Procedures, and
- The costs are supported by the appropriate timekeeping, absence tracking, time & effort certifications or other documentation, as appropriate,
- Federally-funded employees shall report all outside employment or professional services rendered to other entities. The external employment and/or professional services shall not conflict with the federally-funded activities with the district,
- Incentive compensation, such as stipends, awards, early resignation incentive, attendance incentive, etc. in accordance with the district's written plans for each of these incentives,
- Stipend compensation for other non-federal grant award duties shall be supported by a Supplemental Duties Job Description/Pay Notice. 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 include or exclude.]
- Optional pension plans (other than the mandatory Teacher Retirement System of Texas contributions). [NOTE. These costs are allowed subject to strict guidelines – district option to include or exclude.]
- Automobile costs or allowance

#### Documentation of Compensation and Benefit Costs

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

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

[Note. The contracted business manager/PEIMS shall ensure that the Role ID and object codes reflected on the grant application (Payroll Summary) are consistent with the HR, payroll, finance and PEIMS records.]

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

The Assistant Superintendent of Learning and School Improvement shall work collaboratively with the appropriate stakeholders (campuses and departments) to identify all staff needed to accomplish the grant activities. The Assistant Superintendent of Learning and School Improvement shall work collaboratively with the Assistant Superintendent of Operations and Financial Services to obtain estimated salaries for proposed grant-funded staff prior to the completion of the grant application. And, the Business Office staff shall provide a copy of the Payroll Summary of each grant program to each of the campuses and departments noted above upon approval of the grant application.

The process of approving payroll expenditures from grant funds shall be a collaborative process between the Assistant Superintendent of Learning and School Improvement and the Assistant Superintendent of Operations and Financial Services [Purchasing, Budgeting, Accounting and Payroll]. Each campus and/or department plays an essential role in ensuring that all federal grant requirements are met.

The Board-approved Teacher Salary Schedule shall be used to compensate all district staff whether paid from local, state or federal grant funds. In addition, the district shall provide the same employer-provided benefits for all district staff whether paid from local, state or federal grant funds. The compensation for grant-funded staff shall be allocated to the respective grant program (fund) based on the single and/or multiple cost objectives performed by the grant-funded staff. If a grant-funded staff member performs non-grant activities during the day or beyond the normal work day, the compensation for the non-grant activities shall be paid from non-grant funds. Grant-funded staff with more than one cost objective, shall comply with the Time and Effort documentation requirements. Incentive payments, such as performance, perfect attendance, safety, etc. for grant-funded staff shall be allowable with federal grant funds if they are based on the same criteria as non-federal grant funded staff.

#### New Positions

New grant-funded positions shall be created only when a job description has been developed and approved by the Assistant Superintendent of Learning and School Improvement. The Assistant Superintendent of Learning and School Improvement shall ensure that the position is approved on the grant application and that adequate funds exist to fill the position. The Assistant Superintendent of Operations and Financial Services 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 Assistant Superintendent of Learning and School Improvement 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 Assistant Superintendent of Operations and Financial Services, shall review the request to ensure that adequate funds exist in the appropriate account code(s). If funds do not exist, the Assistant Superintendent of Operations and Financial Services shall notify the Assistant Superintendent of Learning and School Improvement to determine if funds will be re-appropriated to the account code(s). After approval from the Assistant Superintendent of Learning and School Improvement, the district shall advertise the position. [NOTE: A Personnel Recommendation or similar form may be used to start the process.]

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 Assistant Superintendent of Learning and School Improvement, in collaboration with the Assistant Superintendent of Operations and Financial Services, shall work 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 Assistant Superintendent of Learning and School Improvement, in collaboration with the Assistant Superintendent of Operations and Financial Services, 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) Principal – ensure that a vacancy exists in a PK teacher position and that the teacher recommended for transfer is certified to teach and (2) 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) Assistant Superintendent of Operations and Financial Services – 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. [NOTE: It is recommended by the TEA that a job description for each stipend role include the duties related to the grant purpose and the grant funding source.] The School-Board approved Stipend and Extra Duty Pay Schedule shall be used to compensate all substitute teachers whether paid from local, state or federal grant funds.

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

### **902.73 Time and Effort Documentation**

District staff funded wholly or partially with federal grant funds shall comply with federal guidelines related to time and effort. The Assistant Superintendent of Learning and School Improvement shall be aware of the federal guidelines related to time and effort documentation.

The district shall collect and monitor time and effort documentation for district employees only. Time and effort documentation does not apply to Independent Contractors. The district shall comply with all federal time and effort documentation guidelines. The following requirements shall apply to all district staff funded wholly or partially from federal grant funds, including staff funded through non-federal grant funds as part of a cost sharing or matching requirement.

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

#### Roster of all grant funded staff

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

The Assistant Superintendent of Learning and School Improvement and the Assistant Superintendent of Operations and Financial Services 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 contracted business manager.

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

- 1) Campus or department – ensure that the grant funded staff are assigned in the position title as noted on the roster. The master schedule or assignment of instructional staff must support the position title and funding source.
- 2) Assistant Superintendent of Learning and School Improvement – ensure that the position title and salary are correct as noted on the roster. In addition, the Assistant Superintendent of Learning and School Improvement 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 Assistant Superintendent of Learning and School Improvement shall also ensure that all grant-funded staff meet the state’s Certification or are Highly Qualified, as appropriate. Ensure that the funding source(s) and salary are correct as noted on the roster. In addition, the Assistant Superintendent of Operations and Financial Services shall ensure that the payroll distribution account code(s) are in accordance with the FASRG and 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 on at least a quarterly basis throughout the school year to ensure that the roster of grant funded staff is accurate and up-to-date throughout the year. [NOTE: It is critical that at least one of the reviews coincide with the submission of the Fall PEIMS Staff Data to ensure that accurate data is submitted as of the October snapshot date.]

#### Budgeting of grant funded staff

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

In addition, the Business Office staff 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 Business Office staff shall work to adjust the budget and payroll account code distributions of grant funded staff if the time and effort documentation consistently reflects that the percentage(s) across the funding source(s) is not a true reflection of the normal work schedule.

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

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

The timeline for semi-annual certifications shall be once per academic semester to coincide with teaching assignment each semester. The immediate supervisor shall submit all signed semi-annual certifications to the Business Office staff as noted below:

- 1) 1<sup>st</sup> Certification – due 1 week after the start of the 1<sup>st</sup> semester
- 2) 2<sup>nd</sup> Certification – due 1 week after the start of the 2<sup>nd</sup> semester

The Assistant Superintendent of Learning and School Improvement 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 Assistant Superintendent of Learning and School Improvement shall collect and review all Semi-Annual Certification Forms. Any certifications that reflect a percentage other than 100% shall be adjusted 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 Assistant Superintendent of Learning and School Improvement shall maintain the certifications for audit purposes.

The Assistant Superintendent of Operations and Financial Services shall prepare a journal ledger entry to correct the account distribution code(s) as appropriate and shall post the entry to the finance general ledger. Time and effort requirements for staff split funded (funded from more than one (1) cost objective and/or grant programs)

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

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

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

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

- 1) Monthly payroll [20<sup>th</sup> of the month] – If applicable, Time & Effort reports are due by the 10<sup>th</sup> of the month for the prior month.

The immediate supervisor shall submit all signed time and effort reports to the Assistant Superintendent of Learning and School Improvement.

The Assistant Superintendent of Learning and School Improvement 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 shall be adjusted on the general ledger.

The Assistant Superintendent of Operations and Financial Services shall prepare a journal entry to reclassify the expenditures as noted on the reconciliation of the time and effort report(s). According to federal regulations, the final amount charged to each grant award must be accurate, allowable and properly allocated. The Business Office staff shall post all variances to the general ledger; otherwise, the variances shall be posted prior to the final expenditure report. [NOTE: The Asst. Sup. of Operations & Financial Services should use caution to avoid excess drawdown of grant funds due to unallowable payroll costs if timely adjustments to the general ledger are not posted prior to the drawdown of funds.]

#### 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 Assistant Superintendent of Learning and School Improvement 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. In addition, all staff with authority to initiate and/or authorize a purchase or expenditure, such as campus bookkeepers, campus and department administrators, Business Office staff, and grant department staff shall receive a copy of the latest guidelines. The guidelines shall be incorporated in the annual training for all of these staff members. These guidelines shall be posted on the District's website as a resource when expending federal grant funds.

Note: Districts may develop and implement more restrictive guidelines, as appropriate, based on local policies and procedures.

#### Local Guidelines Related to Unallowable Costs

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

##### Unallowable Costs

Snacks that do not meet the Smart Snack federal and/or state guidelines

Printing in color

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

Educational field trips to an amusement park

Consultant fees in excess of \$1,000 per day

Incentives & Awards

### **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 district's Federal Grants Manual shall be adhered to in procuring, evaluating, selecting and

awarding contracts. The vendor shall complete the Vendor Application Package to include, at a minimum, the following documents:

- Vendor application
- W-9 Form for vendor identification and tax purposes
- Conflict of Interest Questionnaire
- Felony Conviction Notice
- Criminal Background 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 Assistant Superintendent of Learning and School Improvement shall review and approve all consultant services agreements for compliance with federal regulations regarding professional service costs (2 CFR 200.459).

The Assistant Superintendent of Learning and School 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 limit

The Assistant Superintendent of Learning and School Improvement in conjunction with the Assistant Superintendent of Operations and Financial Services shall review and approve all contracts. The review shall consist any and all 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 \$50,000, then the final approval authority shall be the Board of Trustees through approval at a regularly scheduled board meeting.

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

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

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

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

Additional district contract provisions shall include:

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

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

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

The Assistant Superintendent of Learning and School Improvement 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 has been approved in the grant application, if specific approval is required from the granting agency
- 4) The expenditure meets the allowable costs principles.
- 5) The expenditure is allowable and approved in the grant application and is consistent with the grant purpose
- 6) The expenditure is supplemental and not supplanting a local expenditure (NOTE: Refer to compliance issues related to supplement and supplant for additional guidance)
- 7) The expenditure has been competitively procured as required by law, as appropriate.
- 8) The expenditure has been approved by the governing body, as appropriate

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

In addition to the normal approval path of district expenditures, all grant expenditures shall be approved by the Assistant Superintendent of Learning and School Improvement under the following circumstances:

- 1) Invoice amount exceeds the purchase order by 10%

- 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

The Assistant Superintendent of Operations and Financial Services (accounts payable) shall adhere to the Accounts Payable Procedures for all check disbursements. Specifically, all checks issued by the district shall be verified, recorded, approved, issued and reconciled by multiple individuals to ensure segregation of duties.

#### Credit Card Purchases with Grant Funds

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 Assistant Superintendent of Operations and Financial Services shall review and approve all credit card expenditures.

The Assistant Superintendent of Operations and Financial Services 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.

[NOTE: The district shall not reimburse any purchases made with a non-district credit card, except for travel-related expenditures, as appropriate.]

Fraudulent credit card 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 allowable federal cost principles.

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

The district shall on at least a 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. In addition, the district may not draw down more cash than necessary to meet 3 days' cash needs if the district has opted to operate under the cash advancement program guidelines.]

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

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

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

The draw-down of grant funds from the granting agency shall be initiated by the Assistant Superintendent of Operations and Financial Services. A detailed summary general ledger of each grant fund should be generated to determine if the district is entitled to draw-down funds, i.e. if the granting agency owes the district any funds. If the district has funds available for draw-down, a detailed general ledger should be generated and forwarded to the Assistant Superintendent of Learning and School Improvement for his or her review and approval.

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

The grant administrative review shall consist of the following:

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

The Assistant Superintendent of Operations and Financial Services shall prepare the paper or electronic draw-down request. The amount of the receivable shall be recorded on the general ledger and a copy of all supporting documentation such as the detailed general ledger and other supporting documentation shall be filed for audit purposes. The Business Office staff shall prepare the journal ledger entry and post to the finance general ledger.

If manual approval of an electronic draw-down is required by the granting agency, the Assistant Superintendent of Operations and Financial Services 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 Superintendent shall respond to the request within the allotted time to avoid designation as a “high risk” grantee.

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

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

the final draw down of grant funds.] The final draw-down shall be reviewed and approved in the same manner as a periodic draw-down.

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

*By signing this report, I certify to the best of 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. I am 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 drawdown deadline is missed, the Superintendent or Assistant Superintendent of Operations and Financial Services shall contact the granting agency to determine if a process exists to request a filing deadline extension. [NOTE: TEA has developed procedures to request an extension for filing expenditure reports. The request form must be completed, signed by the Superintendent and filed with TEA within 30 days of the final expenditure report deadline.]

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

#### Receipt of Grant Funds

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

The district shall record all grant fund receivables upon receipt from the granting agency. The receipt of grant funds shall be posted to the general ledger to the appropriate receivable account code. In the event that the grant funds received do not match the recorded receivable, the Assistant Superintendent of Learning and School Improvement shall contact the granting agency to determine the discrepancy. If the granting agency has reduced and/or increased the grant funds paid to the district, a general ledger adjustment shall be posted to the appropriate revenue and receivable accounts. The Business Office staff shall prepare the adjusting journal ledger entry and shall post the entry to the finance general ledger.

#### District Options:

The district will not maintain grant funds in a separate bank account.

The district has elected to draw down federal grant funds under the cash reimbursement program guidelines, i.e. after the delivery of the payment to the payee. No interest shall be earned, recorded, nor returned to the granting agency as a result of the cash reimbursement program.

#### Tracking and Recording Receivables

On at least a quarterly basis, the Business Office staff shall review all pending receivables. Aged receivables, defined as greater than 60 days from the date of recording, shall be investigated and resolved by contacting the granting agency.

At the end of the fiscal year, all known and measurable receivables shall be recorded to the general ledger to the appropriate grant code. The Business Office staff shall prepare the journal ledger entry and shall 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 an effort by the Assistant Superintendent of Learning and School Improvement. The Assistant Superintendent of Learning and School Improvement shall receive training and be aware of the supplement not supplant provisions.

The Assistant Superintendent of Learning and School Improvement shall review and approve all purchase orders (and non-purchase order payments). The 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 No Child Left Behind Act of 2001 (NCLB). The intent of the comparability of services requirement is to ensure that an LEA does not discriminate (either intentionally or unintentionally) against its Title I schools when distributing resources funded from state and local sources simply because these schools receive federal funds. [TEA Title I, Part Comparability of Services Guidance Handbook, 2013]

The Assistant Superintendent of Operations and Financial Services 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 Superintendent shall note the exemption on the CAD and submit it to TEA. If the district is not exempt, the Assistant Superintendent of

Operations and Financial Services shall complete and submit the Comparability Computation Form (CCF) to TEA by the mid-November annual deadline.]

In completing the CAD and CCF, the Assistant Superintendent of Operations and Financial Services 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
  - f. Once reviewed, the CAD and CCF should be signed by the Superintendent
  - g. Submit the CAD and CCF to TEA by the mid-November deadline

If TEA determines that the district is non-compliant, the Assistant Superintendent of Operations and Financial Services shall work 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 by the grantee's indirect cost plan. Those specified costs may not be charged as direct costs to the grant under any circumstances. The district shall apply for an indirect cost through the federal granting agency or pass-through entity (TEA) in accordance with the current regulations. The Assistant Superintendent of Operations and Financial Services shall complete and submit an Indirect Cost Rate Proposal by the established deadline as specified by the pass-through entity (TEA). The district's Indirect Cost Rate, or the maximum allowable rate, whichever is less shall be used to post Indirect Costs for federal funds to the General Fund. The Assistant Superintendent of Operations and Financial Services shall prepare the general ledger entry for the indirect costs. Business Office Staff shall post the entry to the finance general ledger.

### **902.84 Maintenance of Effort**

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

#### **NCLB MOE**

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

The Assistant Superintendent of Operations and Financial Services shall compute the MOE using the TEA NCLB LEA MOE Determination Calculation Tool during the budget adopted process and at the end of the fiscal year. Non-compliance with NCLB MOE will result in a reduction of NCLB funds in the exact proportion by which the district fails to meet the MOE requirement; therefore, the Assistant Superintendent of Operations and Financial Services shall plan for the reduction of grant funds at the local level. If the NCLB MOE falls below the required level, the Assistant Superintendent of Operations and Financial Services shall work 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 Assistant Superintendent of Operations and Financial Services 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 Superintendent shall plan for the reduction of grant funds at the local level. If the IDEA-B MOE falls below the required level, the Assistant Superintendent of Operations and Financial Services shall work to develop a plan to bring the district into compliance with the MOE requirements. [NOTE: The Assistant Superintendent of Operations and Financial Services 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 Assistant Superintendent of Operations and Financial Services will need to know the prior year Special Education expenditures and the next fiscal year budgeted Special Education Expenditures. Changes to these amounts, as they are known shall be submitted to the contracted business manager, as appropriate.

### **902.85 Reporting Requirements**

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

- 1) Programmatic reports such as activity, progress and evaluations
- 2) Expenditure reports such as interim, draw down and final expenditure reports
- 3) Compliance reports such as Comparability, Maintenance of Effort, Indirect Cost, etc.
- 4) Highly Qualified Staff reports

The Assistant Superintendent of Learning and School Improvement shall monitor the overall master list to ensure that all reporting requirements have been completed by the appropriate campus and/or department.

### **902.86 Grant Monitoring and Accountability**

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

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

The Assistant Superintendent of Learning and School Improvement, in collaboration with the Assistant Superintendent of Operations and Financial Services, shall be responsible for the programmatic, evaluation and financial compliance for each federal grant.

The Assistant Superintendent of Learning and School Improvement shall monitor the timing of grant activities throughout the grant period, especially as they relate to the desired outcomes. The Assistant

Superintendent of Operations and Financial Services 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 Assistant Superintendent of Learning and School Improvement shall work 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 Assistant Superintendent of Learning and School Improvement in conjunction with the Assistant Superintendent of Operations and Financial Services shall work to develop and implement a Corrective Action Plan to resolve the findings or deficiencies. The Superintendent 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

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## 902.9 Grant Awards

List of Grant Awards (including grant funding source, grant period, and grant amount).

| Title                                               | NOGA_ID             | SchoolYear | Award Amount | Amount Paid | Remaining Amount | Amount Pending | Due Dates                          |
|-----------------------------------------------------|---------------------|------------|--------------|-------------|------------------|----------------|------------------------------------|
| CARL D. PERKINS BASIC FORMULA GRANT                 | *18420006147903     | 2017-2018  | 26,942.00    | 3,174.00    | 23,768.00        | 0.00           | Final:9/14/2018<br>Rev:10/15/2018  |
| TITLE I, PART A-IMPROVING BASIC PROGRAMS            | *18610101147903     | 2017-2018  | 567,317.00   | 250,710.86  | 316,606.14       | 0.00           | Final:10/30/2018<br>Rev:10/30/2018 |
| TTL I 1003 SCHOOL IMPROVEMENT                       | *18610123147903     | 2017-2018  | 40,000.00    | 2,488.80    | 37,511.20        | 0.00           | Final:10/30/2018<br>Rev:10/30/2018 |
| IDEA-B Formula                                      | *186600011479036600 | 2017-2018  | 699,431.00   | 131,595.53  | 567,835.47       | 0.00           | Final:10/30/2018<br>Rev:11/29/2018 |
| IDEA-B Preschool                                    | *186610011479036610 | 2017-2018  | 35,253.00    | 5,170.49    | 30,082.51        | 0.00           | Final:10/30/2018<br>Rev:11/29/2018 |
| TITLE III, PART A-ELA                               | *18671001147903     | 2017-2018  | 28,545.00    | 223.20      | 28,321.80        | 0.00           | Final:10/30/2018<br>Rev:10/30/2018 |
| TITLE IV, PART A, SUBPART 1                         | *18680101147903     | 2017-2018  | 13,822.00    | 0.00        | 13,822.00        | 0.00           | Final:10/30/2018<br>Rev:10/30/2018 |
| TITLE II, PART A-SUPPORTING EFFECTIVE INSTRUCTION   | *18694501147903     | 2017-2018  | 75,302.00    | 49,557.11   | 25,744.89        | 0.00           | Final:10/30/2018<br>Rev:10/30/2018 |
| 2017-2018 TTL V, B, SP 2, RURAL & LOW-INCOME SCHOOL | *18696001147903     | 2017-2018  | 31,268.00    | 0.00        | 31,268.00        | 0.00           | Final:10/30/2018<br>Rev:10/30/2018 |

Source: TEAL/TEASE January 25, 2018.

See NOGA in grant binder for Award Dates, CFDA Numbers, Grant Periods, and Amounts. The Assistant Superintendent of Learning and School Improvement shall manage all grants.



# Mexia ISD