

**Northside Independent School District**

**EDGAR Manual**

**Policies and Procedures for the**

**Fiscal Administration of**

**Federal Education Awards**

**Effective Date: July 1, 2021**

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# Introduction

This manual sets forth the policies and procedures used by Northside Independent School District referred to as the “LEA” throughout this manual) to administer Federal education awards. The manual contains the internal controls and grant management standards used by the LEA to ensure that all Federal funds are lawfully expended. The manual describes the LEA’s policies and procedures in relation to financial management standards, cash management, determination of allowable use of funds, time and effort, procurement, property management protocols, travel reimbursement, and record retention.

Although this manual is not all-inclusive and cannot address all situations, it provides general information to assist with administrative grants management procedures.

New employees of the LEA, as well as incumbent employees, are expected to review this manual to gain familiarity and understanding of the LEA’s rules and practices. All LEA personnel with financial and administrative duties, and program-specific fiscal duties, are responsible for the content.

All departments will provide staff training for their respective staff and other staff, as appropriate, regarding the grant management duties and responsibilities for each staff member. Each department is responsible for training their own staff and staff from other departments, as appropriate, regarding specific grant management duties and responsibilities.

In an effort to support compliance of fiscal policies and procedures, the business office will conduct bi-annual training for campus and department administrative and support staff, as appropriate. The Budget and Finance Office, specifically the MUNIS Team will be responsible for developing the training calendar. Critical training areas will include, but not be limited to:

- Activity Account Management
- Budget Development Process
- Cash Management
- State and Federal Grants Management
- Payroll Policies and Procedures
- Purchasing Process
- Accounts Payable Process

The LEA will review the manual annually and update as needed, and notate the effective date of the manual. The LEA will keep previous versions of the manual available for seven to ensure the applicable policies and procedures are available for audit purposes.

**Approval/Adoption of Manual:**

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 or designee shall ensure that administrative regulations are kept up to date and are consistent with Board policy. The Superintendent or designee shall resolve any discrepancies among conflicting administrative regulations. In case of conflict between administrative regulations and policy, policy shall prevail. Administrative regulations are subject to Board review but shall not be adopted by the Board.

# Organizational Information

The LEA's organization chart is available at:

<https://www.nisd.net/sites/default/files/documents/org-chart-2020-09-24.pdf>

## Conflict of Interest and Mandatory Disclosures

Conflict of Interest [2 CFR §200.112](#)

Requirement:

The LEA must disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through entity (TEA) in accordance with applicable Federal awarding agency policy.

Implementation:

Federal grant funds are to be expended for the benefit of the population that the Federal grant program serves. Conflicts of interest can arise when Federal grant funds appear to be expended for the primary benefit of some other party.

The LEA's Conflict of Interest policy will align with the USDE's Conflict of Interest policy once it has been released.

The LEA will complete and submit the "[Potential Conflict of Interest Disclosure](#)" form obtained from TEA's "[Forms for Prior Approval, Disclosure, and Justification](#)" webpage to disclose any **potential** conflict of interest concerning the expenditure of Federal grant funds.

The Internal Audit Department will be responsible for submitting Potential Conflict of Interest Disclosure Forms to the Texas Education Agency.

Please refer to the Standards of Conduct Covering Conflicts of Interest section of this manual.

## Mandatory Disclosures [2 CFR §200.113](#)

### Requirement:

The LEA must disclose, in a timely manner, in writing to the Federal awarding agency or pass-through entity (TEA) all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award.

Non-Federal entities that have received a Federal award including the term and condition outlined in [Appendix II](#) to 2 CFR Part 200 are required to report certain civil, criminal, or administrative proceedings to [SAM](#) (currently [FAPIIS](#)).

Failure to make required disclosures can result in any of the remedies described in [2 CFR §200.339](#).

### Implementation:

The LEA will complete and submit the “[Mandatory Disclosure: Violation of Federal Criminal Law](#)” form obtained from TEA’s “[Forms for Prior Approval, Disclosure, and Justification](#)” webpage to disclose any violation of Federal criminal law **potentially** affecting the Federal award.

The Superintendent or designee shall maintain a system of internal controls to deter and monitor for fraud or financial impropriety in the District. Any person who suspects fraud or financial impropriety in the District shall report the suspicions immediately to a person with authority to investigate the suspicions, including any supervisor, the Superintendent or designee, the Board President, or local law enforcement.

The Special Revenue Department and/or the Program Manager will be responsible for overseeing, reporting and documenting any fraud, abuse or waste of federal grant funds.

The LEA has provided stakeholders with a Safeline that can be used to report a crime or a violation of District policy. (email: [SAFE@nisd.net](mailto:SAFE@nisd.net) or Text 210-397-7233). Safeline is a proactive telephone hotline used to increase safety at Northside Schools. The system is an automated voicemail and text message system that is monitored and managed by the Northside ISD Police department. It is operated seven days a week, 24 hours a day and addresses reports of crime, violations of district policy, and safety concerns. The system is completely anonymous, although callers are encouraged to leave their names and telephone numbers

## Waste, Fraud, and Abuse

To ensure the public receives the best value, the LEA strives to ensure its administrative management of public funds is as effective and efficient as possible, with a high standard of accountability to prevent waste, fraud, and abuse.

### Requirement:

The LEA prohibits fraud and financial impropriety, as defined below, in the actions of its trustees, employees, vendors, contractors, consultants, volunteers and others seeking to maintain a business relationship with the LEA. These persons shall not seek a financial or other advantage, either personally or for the LEA, through bribery, fraud, kickbacks, misapplication of funds, malfeasance, gross mismanagement, or other criminal activities. These persons shall not offer, promise, give, request, agree to receive or accept a bribe for any purpose. Excessive or lavish gifts or hospitality in relation to business transactions or arrangements with granting agencies, contractors, vendors or other parties to contracts might constitute bribery.

Please see the Procurement section, Standards of Conduct Covering Conflicts of Interest section, of this manual for the LEA's definition of nominal vs excessive gifts.

Fraud and financial impropriety includes, but is not limited to:

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

Any person who suspects fraud or financial impropriety, or suspects that an illegal or unethical act has occurred, shall report the suspicions immediately to any supervisor, the Superintendent or designee, the Board President, or local law enforcement. The LEA will not retaliate against any person who, in good faith, has reported what they believe to be illegal acts by LEA employees, officers, or agents, or of other individuals or entities with whom the LEA has a business relationship, on the basis of a reasonable belief that the practice is in violation of law or clear mandate of public policy.

#### Implementation:

The LEA has internal controls in place to help prevent and mitigate incidents of fraud, waste, and abuse.

Please refer to the Internal Controls of this manual

#### *Reporting Fraud or Financial Impropriety*

*An Incident Report should be completed by the Complainant and should include the following information, if applicable or known: (1) Date of Report; (2) Type of funds, such as federal, state, local; (3) Grant Number; (4) Location of incident; (5) Date and time of incident; (6) Source of complaint (employee, vendor, etc.); (7) Description in detail of infraction.*

Fraud can be reported by email or text:

<https://www.nisd.net/safeline> or Text 210-397-7233 (SAFE)

#### *Investigating Reports of Fraud or Financial Impropriety*

The LEA will take appropriate action to investigate incidents of fraud, malfeasance, misapplication of funds, gross mismanagement, or other criminal activities in all forms, which may be prosecutable.

*The Police Department will appropriately investigate, record, and report all suspected instances of fraud or financial impropriety to the Internal Audit, including the initial Incident Report, as well as a report indicating actions taken. If necessary, the appropriate investigative agency or law enforcement will be notified. Depending on the results of the investigation, the LEA will take appropriate action, including disciplinary actions for violations of the LEA's Code of Conduct. Appeals related to the conclusion of an investigation or disciplinary action resulting from an investigation should be made in writing to the Internal Audit Department*

#### *Disclosure*



The LEA will disclose in writing to the awarding agency or pass-through entity any violation of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the federal award. Please see the Mandatory Disclosure section of this manual for more information.

## Financial Management

The LEA maintains a proper financial management system in order to receive both direct and state-administered Federal education grants and to expend funds associated with a grant award. Certain fiscal controls and procedures must be in place to ensure that all financial management system requirements are met. Failure to meet a requirement may result in return of funds or termination of the award.

The LEA's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. [2 CFR §200.302\(a\)](#)

### Financial Management Standards

The LEA maintains a financial management system that meets the Federal standards outlined in the Uniform Guidance [2 CFR §200.302](#). The required standards include:

#### ***Identification*** [2 CFR §200.302\(b\)\(1\)](#)

Requirement:

The LEA must identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification must include, as applicable, the Assistance Listings\* title and number, Federal award identification number and year, name of the Federal agency, and, if applicable, name of the pass-through entity [e.g., Texas Education Agency (TEA)], if any.

*\*Assistance Listings refers to the publicly available listing of Federal assistance programs managed and administered by the General Services Administration, formerly known as the Catalog of Federal Domestic Assistance (CFDA). The Assistance Listing Number is the unique number assigned to identify the program, formerly known as the CFDA Number. The Assistance Listing Program Title means the title that corresponds to the Federal Assistance Listings Number, formerly known as the CFDA Program Title.*

#### Implementation:

The District will report the following for all federal grant awards, as appropriate. The Special Revenue Department will be responsible for collecting and reporting the following information.

The following data about sub-awards greater than \$25,000:

- Name of entity receiving award [entity = District]
- Amount of award
- Funding agency
- NAICS code for contracts / CFDA program number for grants
- Program source
- Award title descriptive of the purpose of the funding action
- Location of the entity (including congressional District)
- Place of performance (including congressional District)
- Unique identifier of the entity and its parent

A list of all grant awards (Special Revenue Master – Grant Awards Schedule) will be maintained to include all EDGAR required data (denoted with an \*) and District-required information listed below:

- The CFDA title and number\*
- Federal award identification number and year\*
- Name of the Federal agency\*
- Name of the pass-through entity\*, if applicable
- Program Manager for each grant
- TEA-assigned risk level for each grant, as appropriate.

The Special Revenue Department enters all budget codes and amounts into the District's financial management system (MUNIS). The Special Revenue Department assigns a unique five-digit project code to each grant received.

### ***Financial Reporting [2 CFR §200.302\(b\)\(2\)](#)***

#### **Requirement:**

Accurate, current, and complete disclosure of the financial results of each Federal award or program must be made in accordance with the reporting requirements set forth in [2 CFR §200.328](#) and [2 CFR §200.329](#), and in accordance with the terms and conditions of the Federal award.

#### **Implementation:**

The LEA will comply with any reporting requirements established by TEA and submit the reports in the timeline and format requested by TEA. This includes any required activity/progress reports and evaluation reports, if applicable.

If the LEA hires a contracted evaluator, the LEA makes every effort to ensure the evaluator is independent and objective.

### **Reporting Requirements**

The District will 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 will 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 will be as noted below:

- Programmatic reports such as activity, progress and evaluations – Grants & Recognitions Department and Program Managers
- Expenditure reports such as interim, drawdown and final expenditure reports – Special Revenue Department
- Compliance reports such as Comparability, Maintenance of Effort, Indirect Cost, etc. – Special Revenue Department
- Highly Qualified Staff reports – Grants & Recognitions and Human Resources Departments

The Program Manager, Grants & Recognitions and Special Revenue Departments will monitor the overall master lists to ensure reporting requirements have been completed by the appropriate campus and/or department(s).

## *Accounting Records [2 CFR §200.302\(b\)\(3\)](#)*

### Requirement:

The LEA must maintain records that adequately identify the source and application of funds for Federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, financial obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation (i.e., purchase orders/requisitions, invoices, receipts, travel vouchers, time and effort reports, employee payroll records, etc.).

### *TEA's Accounting Requirements*

The LEA must comply with the accounting requirements in the Financial Accounting and Reporting (FAR) module of the [Financial Accountability System Resource Guide \(FASRG\)](#).

The LEA must use the accounting code structure and accounting codes specified in the FAR module, including Fund Code, Function Code, Object Code, Organization Code, Fiscal Year, Program Intent Code.

Local Option Codes are used at the discretion of the LEA for any purpose the LEA chooses. The LEA must:

- Keep a chart of locally assigned accounts;
- Use the locally assigned accounts uniformly in the accounting system throughout the fiscal year and must not change the locally assigned accounts during any fiscal year;
- Make the chart of accounts available for managerial, auditing, and other purposes; and
- Retain the chart of accounts for audit purposes for at least five years after any changes are made to the chart

### *TEA's Requirement for General Ledger:*

For each account code used for grant expenditures, the detailed general ledger should include the following:

- Budgeted expenditures
- Encumbrances
- Actual expenditures

Specifically, the detailed general should also include the following information for each recorded transaction:

- The reference number (e.g., check number, PO number, or journal voucher number)
- Transaction date
- Vendor name
- Transaction description
- FASRG account codes
- Commodity codes (i.e., codes to calculate aggregate costs)
- Amount encumbered or obligated
- Amount paid or unencumbered

*TEA's Requirement for Payroll Journals:*

The payroll journal should include the following information for each recorded transaction for each grant-funded employee:

- Employee first and last name, and identification number
- Gross salary and other income, deductions, and net earnings
- Pay period, check date, and check number
- Fund code to which the payroll costs were charged

*Implementation of Accounting Records Requirements:*

The District's financial management system (MUNIS) shall be used to store, maintain, and report all required federal grant information. As a result, the District shall ensure that access to the data is restricted to authorized individuals in accordance with the District's Data Security and Access policies.

In addition, the District shall retain all federal grant records for a period of seven years in accordance with the District's Local Records Retention Plan.

The District's records management officer shall be responsible for ensuring that all grant-related records are retained, stored, and accessible, as appropriate.

The Special Revenue Department will budget grant funds in the appropriate fund code as authorized by the Financial Accountability System Resource Guide, or the granting agency, as appropriate. In addition, the object expenditure codes noted on the grant application will be consistent with the budgeted account codes. The grant funds will be budgeted and available for use after the NOGA/Award Letter is received by the Grants & Recognitions Department and the Special Revenue Department. The Special Revenue Department and the Grants & Recognition Department will work collaboratively to properly track expenditures tied to set-aside or reservation.

The Special Revenue, and Grants & Recognitions Departments will monitor the spending thresholds throughout the grant period to ensure that the grant activities are being conducted systematically throughout the grant period. The Special Revenue, and Grants & Recognitions Departments will also ensure that reclassifications of funds are 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.

Journal entries (JE's) are entered into the District's accounting system by the Special Revenue Department. JE's are generated and processed monthly and annually for the following:

- Recording receivable
- Receipt of Funds
- Adjustments necessary to properly reflect grant expenditures, including any reclassification of expenditures
- End of Year End Adjustments
- The JE's listed above are approved for posting by the Business Office

All expenditures of federal grant funds will 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. The financial management system contains information pertaining to all applicable grant awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and is supported by source documentation. As such, the District committed to purchasing an Enterprise Resource Planning (ERP) System in order to support District staff in the delivery of the District services and activities, take advantage of best practices, and significantly improve the efficiency and effectiveness of the District's administrative processes to ultimately enhance student achievement. Major purposes for the project were to impact the business processes that the District employs to accomplish human resources and finance related tasks. Online employment application, applicant tracking, position control, risk management, benefits registration, electronic timekeeping entry, employee self-

services, purchasing, enterprise content management (electronic documents), general ledger, budget, payroll, accounts receivable, accounts payable, fixed assets, project accounting and grant management, were all changed. One of the major project objectives that the District accomplished with the successful completion of this project was the reduction of redundant data entry, storage, and paper processing and the transition from legacy and interoffice systems, processes and tools that were not in keeping with newly defined Best Business Practices

### *Internal Controls* [2 CFR §200.302\(b\)\(4\)](#)

Requirement:

The LEA must maintain effective control over, and accountability for, **all** funds, property, and other assets. The LEA must adequately safeguard **all assets** and assure that they are used solely for authorized purposes.

“Internal controls” are processes help program and financial managers achieve results and safeguard the integrity of their program. As described in [2 CFR §200.1](#), internal controls are processes designed and implemented by non-Federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories:

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

According to [2 CFR §200.303](#), the LEA must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the LEA is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States (a.k.a. the “[Green Book](#)”) or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission ([COSO](#)).

Additionally, the LEA must:

- Comply with the U.S. Constitution, Federal statutes, regulations, and the terms and conditions of the Federal awards
- Evaluate and monitor the LEA’s compliance with statutes, regulations, and the terms and conditions of Federal awards

- Take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings
- Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity (TEA) designates as sensitive or the LEA considers sensitive consistent with applicable Federal, State, and local laws regarding privacy and responsibility over confidentiality.

#### Implementation.

The LEA Administrative Procedures Manual (APM) includes the internal controls and grant management standards used by the Northside Independent School District to ensure that all special revenue funds are lawfully expended. The APM Manual specifies procedures related to the acquiring, expending, managing, and reporting of grant funds. The district has established fiscal procedures that apply to all financial transactions that relate to federal and state grant compliance, in response to the policies and procedures set forth by federal and state regulations.

### **The Roles and Responsibilities of Key Stakeholders**

At the District level, managing State, Federal, and Local grants will be a collaborative process between the Grants & Recognitions, Special Revenue, Business & Finance, Human Resources, and other departments as necessary. Each respective department will be responsible for their duties and responsibilities as they relate to the management of state, federal, and local grants. The duties of key stakeholders are listed below in general terms. Additional, specific duties and responsibilities may be listed within an area of compliance in this Manual.

### **The Program Manager's Responsibilities**

The Program Manager is responsible for overseeing the program throughout the duration of the grant. He/ She must coordinate the preparation and submission of programmatic progress reports with the Grants & Recognitions Department (GRD). One of the Program Manager's most important responsibilities is to monitor project expenditures. Monitoring will prevent expenditures from exceeding the budget or being used for unauthorized purposes. The Program Manager is solely responsible for ensuring the program is implemented in accordance with the approved grant and subsequent amendments.

The Program Manager's Responsibilities include, but are not limited to:

- Administering the program in accordance with Northside ISD policies and procedures and funding agency regulations
- Supervising personnel, if applicable
- Maintaining program records



- Ensuring compliance with the approved application
- Ensuring goals, objectives, activities, and performance measures are fulfilled timely
- Coordinating with program partners, the evaluator, and internal departments
- Completing and submitting all required program/activity reports
- Ensuring grant funds are spent appropriately and in a timely manner
- Ensuring supplies and materials are ordered and received in accordance with NISD grant ending guidelines
- Documenting all in-kind contributions or matching fund requirements
- Disseminating the approved grant proposal to program staff assisting stakeholders develop and implement a Corrective Action Plan to resolve the findings or deficiencies

### **The Role of the Special Revenue Department**

The Northside Independent School District's Special Revenue Department is responsible for implementing and maintaining a program to monitor fiscal compliance of all specially funded programs. The department's goal is to make sure that all business operations are supportive of the instructional goals and objectives of the District and to provide support to all Program Managers so that together we can support students, staff, parents, and the community.

The Special Revenue Department administers the financial aspects of grant programs and functions as the fiscal officer. The Special Revenue Department works as the liaison between the Program Managers and the other Departments in the Business Office (Budget, Accounting, Purchasing, Accounts Payable, etc.). The Special Revenue Department is responsible for coordinating the creation of budget codes, tracking grant expenditures, and monitoring agency fiscal requirements. Additionally, the department interprets NISD and funding agency guidelines and procedures concerning fiscal practices and allowable expenditures. The Special Revenue Department also submits requests for reimbursements and expenditure reports to funding agencies. In addition, they prepare all finance reports that need to be submitted to any external agency, including TEA, External Auditors, etc.

Special Revenue Department functions include:

- Assisting the Program Manager with budgeting grants funds. Preparing and posting the initial budget and all amendments to the general ledger.
- Assisting the HR department with determining the funding code, position title, Role ID and other salary information for use in completing the grant application.

- Notifying the Grants & Recognitions Department and the Program Manager when the funds have been budgeted and are ready for expenditure by the appropriate campus or department.
- Preparing all grant-related financial reports (monthly, quarterly and annually).
- Preparing all financial records for the annual financial audit and single audit, or other audit by a monitoring agency as appropriate.
- Ensuring compliance with the FASRG in coding all payroll and non-payroll expenditures.
- Adjusting the general ledger, as appropriate, after the Program Manager's reconciliation of the time and effort reports if adjustments are necessary.
- Managing the day-to-day cash needs for grant expenditures and drawing-down cash reimbursements, as appropriate.
- Monitor purchases, after the fact, to ensure compliance with the grant periods and allowable cost principles.
- Retaining all financial records for the required length of time as determined by the Records Department for audit purposes.
- Working with the Fixed Assets Accountant to manage the recording of all fixed assets and ensuring compliance with the inventory and disposition federal guidelines.
- Providing supporting documentation for budgeted grants funds, and submitting all grant amendments to the budget department for final posting.
- Preparing all grant-related fiscal reports according to grant deadlines.
- Monitoring the spending thresholds throughout the grant period to ensure that the grant activities are being conducted systematically throughout the grant period.
- Review grant related budget transfers prior to the final posting to the general ledger.

### **The Role of the Grants & Recognitions Department**

The Grants & Recognitions Department functions as the primary facilitator and liaison between the funding agency and the Program Manager (unless specified otherwise). The GRD works with the Program Manager to complete and submit budget and/or program amendments, time extensions, programmatic reports, and, when necessary, assists with program implementation.

- Services Available:
- Schedules and facilitates initial budget meeting with the Special Revenue Department
- Negotiates grant applications with funding agency
- Distributes award notification information, including grant guidelines and approved application
- Facilitates preparation and submissions of all programmatic reports
- Prepares and submits all programmatic and budget amendments

- Assists with implementation issues, such as assisting NISD staff in establishing procedures, processes, budgets, and coordination of activities, on a case by case scenarios
- Functions as the liaison between the funding agency and the Program Manager
- Interprets program guidelines and provides assistance

### **The Responsibilities of the Funding Agency**

The funding agency wants its programs to succeed. Based on this premise, funding agency staff is available to assist grant recipients with implementation issues. A funding agency contact is assigned and is available to answer implementation and budget related questions. The GRD Grants Project Manager is the primary liaison between the funding agency and the District.

- The funding agency's primary concerns are to ensure that:
- The grant recipient is implementing the program in accordance with the approved application
- Program and/or activities are successful in accomplishing the goals and objectives included in the grant application
- Funds are expended on eligible and approved grant activities
- Funding guidelines are followed

### **The Texas Education Agency**

The Office for Grants and Fiscal Compliance (GFC) at Texas Education Agency (TEA) is responsible for overseeing State issued and pass through entity competitive discretionary and entitlement/formula grants, ensuring the Local Education Agency's (LEA) compliance with federal grant requirements, and conducting audits and reviews of all LEAs.

### **The Role of the Human Resources Department**

- More specific information regarding Human Resources is addressed in section three of this manual.
- Human Resources Department functions include:
- Assisting the Program Manager with the recruitment and hiring of all grant-funded staff
- Ensuring all grant-funded staff meet the Highly Qualified Staff federal guidelines, and all state certification requirements
- Coordinate with the Program Managers, Special Revenue, and Grants & Recognitions Departments to ensure all grant-funded staff has a job description with the grant-related duties and funding. and that all grant-funded staff sign a job description on an annual basis
- Coordinate with the Grants & Recognitions Department to prepare the Annual Highly Qualified Staff Report and conduct the required public notice, as appropriate

- Maintaining audit-ready HR employee files for financial audit or single audit purposes, as appropriate
- Developing and maintaining all salary schedules to ensure consistency between local and non-local pay rates including base salaries, stipends and extra-duty rates of pay.

Assisting the Program Manager and the Special Revenue Dept. with determining the position title, Role ID and other salary information for use in completing the grant application.

Retaining all personnel records for the required length of time (seven years) for audit purposes.

### **The Role of the Evaluator (External/Internal)**

There are essentially two reasons to contract an external evaluator: 1) it is a program requirement or 2) to benefit from the services of an evaluation expert. In some instances, grant recipients are required to select from a pre-approved list of evaluators and, in other cases, to locate one with little or no guidance. Most programs, however, do not require that you hire an external evaluator. The program will have specific evaluation requirements that must be addressed, either with or without the assistance of a consultant. So, if an external evaluator is not required, why hire one?

- Expertise - A good professional evaluator has received some formal training in program evaluation (often, he/she has taken doctoral level coursework in program evaluation and qualitative and quantitative data analysis) and has devoted his/her career to evaluation.
- Time - Even if you know how to do your own evaluation, do you really have the time to devote to it? If you do find the time to meet the minimum requirements of your funding source, will you have the time to do the kind of evaluation that will yield information that is actually helpful in modifying the program?
- Perspective - External evaluators have the advantage of being outsiders to your institution. They are not emotionally invested in the programs or the people; as a result, they can generally see things more objectively than you can. Also, professional evaluators have seen many different projects in different contexts so they can make recommendations that you may never have considered.

## **17 Principles That Support the Components of the Internal Control System**

These principles provide additional guidance and clarification for evaluating the development and implementation of each component of the Internal Control System.

COMPONENTS	PRINCIPLES
Control Environment	<ol style="list-style-type: none"> <li>1. The oversight body and management should demonstrate a commitment to integrity and ethical values.</li> <li>2. The oversight body should oversee the entity's internal control system.</li> <li>3. Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives.</li> <li>4. Management should demonstrate a commitment to recruit, develop, and retain competent individuals.</li> <li>5. Management should evaluate performance and hold individuals accountable for their internal control responsibilities.</li> </ol>
Risk Assessment	<ol style="list-style-type: none"> <li>6. Management should define objectives clearly to enable the identification of risks and define risk tolerances.</li> <li>7. Management should identify, analyze, and respond to risks related to achieving the defined objectives.</li> <li>8. Management should consider the potential for fraud when identifying, analyzing, and responding to risks.</li> <li>9. Management should identify, analyze, and respond to significant changes that could impact the internal control system.</li> </ol>
Control Activities	<ol style="list-style-type: none"> <li>10. Management should design control activities to achieve objectives and respond to risks.</li> <li>11. Management should design the entity's information system and related control activities to achieve objectives and respond to risks.</li> <li>12. Management should implement control activities through policies.</li> </ol>
Information and Communication	<ol style="list-style-type: none"> <li>13. Management should use quality information to achieve the entity's objectives.</li> <li>14. Management should internally communicate the necessary quality information to achieve the entity's objectives.</li> <li>15. Management should externally communicate the necessary quality information to achieve the entity's objectives.</li> </ol>
Monitoring	<ol style="list-style-type: none"> <li>16. Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.</li> <li>17. Management should remediate identified internal control deficiencies on a timely basis.</li> </ol>

### ***Budget Control*** [2 CFR §200.302\(b\)\(5\)](#)

Requirement:

Actual expenditures must be compared with budgeted amounts for each Federal award.

Implementation:

Please see the Budgeting and Grant Application Process section of this manual for the LEA's procedures for monitoring expenditures.

### ***Cash Management*** [2 CFR §200.302\(b\)\(6\)](#)

Requirement:

The LEA must maintain written procedures to implement the cash management requirements of [2 CFR §200.305](#).

Implementation:

Please see the Federal Cash Management section of this manual for the LEA's cash management procedures.

***Allowable Costs*** [2 CFR §200.302\(b\)\(7\)](#)

Requirement:

The LEA must maintain written procedures for determining allowability of costs in accordance with [2 CFR Part 200 Subpart E Cost Principles](#), and the terms and conditions of the Federal award.

Implementation:

Please see the Determination of Allowability of Costs section of this manual for the LEA's procedures.

## Budgeting and Grant Application Process

### ***Budget Planning***

Requirement:

Federal grant programs are unique and have different program and fiscal requirements. Therefore, specific program budgets are prepared for each grant. The grant budget is based on how the grant funds can best aid in the implementation of the program plan. The LEA will take into consideration the statutory and regulatory requirements that affect how grant funds can be used.

If the grant program has a "Supplement, Not Supplant (SNS)" requirement, the entire funding picture for the program is examined to ensure that grant funds are not being used to supplant other fund sources, as applicable to the specific grant's SNS requirements.

If grant-specific requirements stipulate certain types of expenditures that must be tracked, such as set-asides or reservations, the LEA must designate a method for tracking such expenditures, such as the use of local option codes within the accounting code structure.

If a grant program has a provision for carryover of unused funds, in most cases, the LEA should plan for expenditures of funds to occur within the original grant period and use the carryover period to expend remaining funds due to unforeseen circumstances.

#### Implementation:

The following offices involved in the NOGA planning discussion and meetings include the Special Revenue and Compliance Department, Grants and Recognitions Department, Testing and Evaluation Department and the corresponding department responsible for the implementation of the grant.

Staff from the Special Revenue Department will work with the Program Manager to determine division of responsibility and how to appropriately account for the grant award. Budget codes and appropriation amounts will be assigned to correspond with the financial information approved by the funding agency.

The Special Revenue Department, the Grants & Recognitions Department, and Program Managers collaborate to develop a draft budget that is used to complete the grant application. Some topics that may be discussed in budget planning include: how the budget is put together; assigning account numbers and applicable codes; and reviewing grant objectives, reporting requirements, responsibilities and special conditions.

The Program Manager, Grants & Recognitions and Special Revenue Departments will monitor the overall master lists to ensure reporting requirements have been completed by the appropriate campus and/or department(s). Most funding agencies require the submission of a Final Progress Report, in addition to interim Progress/Activity Reports. Funding agencies frequently provide templates for these reports. Review the report and corresponding guidance to ensure submission fulfills all report requirements. Final reports should: Describe a plan for program continuation.

Decisions for grant applications are based on a needs assessment conducted collaboratively by the Special Revenue Department, the Grants & Recognitions Department, and Program Managers. Needs assessments ensure the program is fulfilling the needs of the target population and is not duplicating other program efforts. Regarding program participants, this process entails verifying the program:

- Needs the services offered by the program
- Identifies potential participants
- Determines how and when services should occur

This needs assessment data is used during the budgeting process to estimate grant expenditures.

Historical data based on the actual budget and final expenditures from the previous grant year

- Campus Improvement Plan (CIP)
- Needs Assessment; Comprehensive Needs Assessment (CNA)
- District Improvement Plan (DIP)
- Staffing Needs
- Grant Requirements

The Program Managers, Grants & Recognitions Department, and Special Revenue Department will ensure all grant funded activities are supplemental. These departments and managers, along with the end users, receive training on Supplement Not Supplant provisions. The Program and Department Managers will review and approve all requisitions and intra-district transfers. The review will include a determination if the planned purchase and/or expenditure meet one of the following guidelines:

- The grant funds will be used to enhance, expand, or extend required activities. Examples may include before/after school tutoring, additional research-based instructional programs, or other supplemental expenditures not required by state law or local policy.
- The grant funds will be used for specific grant activities included in the grant application that are above and beyond the activities funded with local funds.
- The grant funds will be used to supplement grant activities as noted on the District Improvement Plan (DIP) or a Campus Improvement Plan (CIP).
- The activity and/or purchase are reasonable and necessary in order to achieve the goals of the program.

After the Notice of Grant Award (NOGA) is received, an initial meeting between the Grants & Recognitions Department (GRD), the Special Revenue Department (SRD) and the Program Manager will be scheduled. At that time, the GRD will provide the Program Manager with the following items:

- The Request for Application (RFA)
- A Copy of the Approved Application
- The Notice of Grant Award (NOGA)



- Grant Guidelines
- Budget and Budget Narrative
- Activity Timeline
- Dates and Amendment Deadlines
- Grant Manual
- Contact Information
  - Funding Agency or Organization
  - Grants & Recognitions Department
  - Special Revenue Department
  - Purchasing Department
  - Accounts Payable Department
  - Payroll Department
  - Human Resources Department
  - Acceptance Agreement

Additional items to be reviewed at the Initial Meeting:

- Grant beginning and ending dates;
- Budget summary and supporting schedules – to establish budget;
- In-Kind/Matching requirements;
- Reporting requirements;
- Allowable and unallowable costs;
- Amendment/Transfer requirements;
- Contracted service considerations;
- Any supplement vs. supplant considerations;
- Personnel/Staffing issues; and
- Grant ending process.

In addition, staff from the Special Revenue Department will work with the Program Manager to determine division of responsibility and how to appropriately account for the grant award. Budget codes and appropriation amounts will be assigned to correspond with the financial information approved by the funding agency.

**ESSA:** Under the recent legislation of Every Student Succeeds Act (ESSA), formerly No Child Left Behind (NCLB), Title I, Part A is supplemental funding to support high poverty schools in providing opportunities for children to acquire the knowledge and skills in the State content standards and to meet the challenging State performance standards developed for all children. These funds are meant to supplement, not supplant, regular education funds. In addition to serving

students in public school, districts are obliged to serve students who would be eligible in the public school, but are attending non-public schools. Districts must also serve students in the facilities for Neglected and Delinquent children with Title I funds. State & Federal Programs oversee ESSA.

Please refer to Board Policy link:

[https://pol.tasb.org/Policy/Download/184?filename=AID\(LEGAL\).pdf](https://pol.tasb.org/Policy/Download/184?filename=AID(LEGAL).pdf)

**IDEA-B:** 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% or an amount equal to the per pupil expenditure 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 LEA Maintenance of Effort (MOE) Guidance Handbook, 2013] The Special Revenue Department will process the MOE using the TEA IDEA-B LEA MOE Calculation Tool during the budget adopted process, mid-year, 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 Special Revenue Department will plan for the reduction of grant funds at the local level. If the IDEA-B MOE falls below the required level, the Budget and Special Revenue Departments will collaborate to develop a plan to bring the District into compliance with the MOE requirements. As part of the IDEA-B grant application process, the Grants & Recognition Department will need to know the prior year Special Education expenditures and the next fiscal year budgeted Special Education Expenditures. The Director of Special Revenue will provide these amounts to the Grants Department not later than the application date to ensure that the most accurate amounts are reflected in the grant application. Changes to these amounts as they are known by the Special Revenue Department, will be submitted to the Grants Department, as appropriate. The Special Education Department oversees IDEA-B.

**Carl Perkins:** The Career & Technical Education Department oversees the Carl Perkins Grant. Each eligible recipient that receives funding under the Carl D. Perkins Act of 2006 shall use the funds to improve career and technical education programs in compliance with 20 U.S.C. 2355. 19 TAC 75.1022. CTE provides occupational and non-occupational preparation at the secondary, postsecondary, and adult education levels. Generally, CTE programs require two years or less of postsecondary education or training. As defined in a publication by the U.S. Department of Education’s (ED’s) National Center for Education Statistics (NCES), CTE prepares students for roles outside the paid labor market, teaches general employment skills, and teaches skills required in specific occupations or careers. For example, CTE provides preparation in homemaking and a variety of occupations, such as nursing, business administration, culinary arts, automotive maintenance, software programming, engineering technology, and cosmetology. The definition

distinguishes CTE from liberal arts: the fine arts, English, mathematics, science, foreign languages, and the humanities.

The Special Revenue Department, Grants & Recognitions Department, and Program Managers will monitor carry forward for grants that have that provision. The District will ensure that all grant funds are consistently monitored and spent throughout the original grant period. The monitoring will include, but not be limited to:

- Compliance with federal requirements such as cost principles, audit, reporting requirements, etc.
- Monitor 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 Program Manager for each grant will be primarily responsible for all aspects of program implementation to include programmatic, fiscal and evaluation. The Special Revenue Department will review expenditures for accuracy before submitting for a final draw and, if needed, recommend changes in coding and/or funding source.

The Program Manager will monitor the timing of grant activities throughout the grant period, especially as they relate to the desired outcomes. The Special Revenue Department will 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 Program Manager, Grants & Recognitions Department, and the Special Revenue Department will work collaboratively to develop an action plan to ensure that the federal grant goals are met. The oversight of grant activities and expenditures will include, but not be limited to, the following:

- Cost overruns or high unit costs
- Significant developments that may result in an inability to complete the grant activities

The District will 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.

## ***Public Notification Prior to Submittal of the Grant Application***

### Requirement:

In accordance with the General Education Provisions Act (GEPA), the LEA will provide reasonable opportunities for the participation by teachers, parents, and other interested agencies, organizations, and individuals in the planning for and operation of each program. Any application, evaluation, periodic program plan or report relating to each program will be made readily available to parents and other members of the general public. [20 USC 1232\(e\)\(5-6\)](#); TEA's [General Provisions and Assurances](#).

The Public Notice Requirement is applicable to **all** Federal education grants and should be provided prior to submittal of the grant application.

Furthermore, [34 CFR §76.304](#) requires that a subgrantee shall make any application, evaluation, periodic program plan, or report relating to each program available for public inspection.

### Implementation:

The LEA will review the program guidelines, guidance, and terms and conditions of the specific grant to determine:

- Whether public **notice** made available before the LEA submits its application, plan, evaluation, or report to TEA is sufficient in meeting the Public Notification requirement, or
- Whether the LEA must also provide an opportunity for public **comment** on the LEA's proposed use of grant funds and give consideration to the comments
- The required stakeholders who should be given an opportunity to provide input into the development of the plan for use of funds, based on the specific grant's requirements

The LEA provides the plan in an understandable and uniform format, to the extent practicable, written in a language that parents can understand, or if not practicable, orally translated, or provided in an alternative format accessible to the parent, upon request.

The LEA consistently follows its local policy on providing public notice and providing public comment, when applicable. Please review the district's CB (LOCAL) policy available at: <https://pol.tasb.org/Policy/Code/184?filter=DEA> that specifies that the district shall comply with all requirements for state and federal grants and awards imposed by law, the awarding agency, or

an applicable pass-through entity. When public notice is required, the district will post it on the “Required Postings” website at <https://www.nisd.net/district/required-postings> for a length of time specified in the grant application. If not specified, the district will determine the length of time the document will be posted. If public comment is required, the district will include a method for the public to comment, which may include posting an electronic link.

If specific stakeholder roles required to participate in the planning are prescribed in the grant guidelines, then the district will solicit input from all required stakeholders by providing genuine, meaningful, and authentic opportunities for them to provide input and/or feedback on the plan. This may include hosting in-person or virtual meetings, written correspondence, or providing opportunities for stakeholders to provide input through surveys, questionnaires, etc. This process will occur prior to and/or while developing the plan for the use of state and federal grant funds. The LEA follows its local translation procedure when making applications, plans, evaluations, and reports available to the public. The district’s translation procedure is available from the Bilingual & the English as a Second Language (ESL) department.

The Grants and Recognitions Department will determine the public notice/comment requirements for each specific grant. If required by grant guidelines, the district will post the grant application or a summary of the planned uses of funds on its Required Postings website. Further, if required, the district will also conduct an overview of the grant and/or planned uses of funds at the local board meeting. The district may also provide information on grants and/or planned uses of funds to the board through a Friday Letter, during a board subcommittee meeting, or during the local board meeting when not required by the grant application.

### ***Reviewing and Approving the Budget***

Requirement:

The LEA has internal controls in place to ensure segregation of duties in relation to budget planning and approval.

Implementation:

Once a grant is approved, the Grants and Recognition Department reviews the items in the budget to ensure allowability. Refer to the Determination of Allowability of Costs section of this manual for a description of those procedures. If the Grants and Recognition Department determines that a cost is not allowable, then the LEA will not obligate grant funds.

All applicable federal 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 will develop and implement grant programs and budgets in accordance with the District’s Grant Management Manual and all other applicable guidelines to ensure all proposed obligations and expenditures meet the Cost Principles that are applicable to the grant program. If the proposed obligation and/or expenditure is not allowable and/or allocable to a grant award, the District will not make the obligation/purchase with the grant funds. In the event of unallowable costs, the grant manager will be notified and other funds sources will be recommended, such as local funds.

Once the Grants and Recognition Department determines that all budgeted items are allowable, the budget is sent to The Special Revenue Department for final review and approval.

### ***Completing and Submitting the Grant Application***

Requirement:

Grant writing (completing and submitting the grant application) is not an allowable expenditure with federal grant funds. [2 CFR §200.460](#) describes proposal costs as the costs of preparing bids, proposals, or applications on potential Federal and non-Federal awards or projects, including the development of data necessary to support the non-Federal entity’s bids or proposals. Whereas 2 CFR §200.460 indicates that proposal costs should be treated as indirect costs, the **USDE guidance is more restrictive and deems the cost unallowable with federal funds.**

TEA’s grant application contains sections or schedules that must be completed for the applicant to be eligible for grant funding. All grant applications must include any requested attachments, in addition to contact information, program forms, budget forms, and provisions, assurances, and certifications.

All the legal provisions and assurances that apply to the grant program are identified with the Provisions, Assurances, and Certifications applicable to the grant.

The General and Fiscal Guidelines apply to all grants administered by TEA and describe the application process and submission procedures and provide general directions regarding the process to be used for distribution and management of grant funds.

The General Provisions and Assurances apply to all applicants for all grants administered by TEA and include a summary of the terms of the subaward between TEA and the subgrantee and a list that includes, but is not limited to, the Federal rules, laws, and regulations that apply to all State and Federal programs.

The Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion is a set of provisions and assurances applicable to all applicants for Federally funded programs, regardless of the dollar amount of the award. The regulations in [2 CFR §200.214](#) restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities. By certifying and submitting the grants application to TEA, the applicant certifies that neither it nor its authorized officials are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in the transaction by any Federal department or agency.

The Lobbying Certification applies to Federal grants in excess of \$100,000 or in which a subcontract to another organization exceeds \$100,000. Disclosure of lobbying activities is required for Federally funded grants in excess of \$100,000 when the organization pays or agrees to pay a lobbying entity to influence or attempt to influence a member of Congress, its employees, or a Federal agency employee. If applicable, the disclosure must be submitted with the initial grant application and at the end of each calendar quarter after a material change occurs, as described in the application instructions. Any organization that fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

The Program Guidelines provide information about the specific grant program, including the purpose of the grant, eligibility criteria, program description, statutory and TEA program requirements, any specific application review criteria, and critical dates. The Program Guidelines also contain specific information regarding the allowability of certain types of costs as related to the specific grant program. Items requiring specific approval through the grant application, or a required attachment to the application, must be included in the application and approved. Expending funds for these items without including them in the grant application and receiving approval is unallowable and will result in questioned costs.

The Program-Specific Provisions and Assurances are applicable to the specific grant program identified.

The grant application must be certified and submitted by an individual who has been authorized to enter the organization into a legally binding contractual agreement. The “Authorized Official” is the individual who will represent the applicant in the event any legal disputes arise. This person is usually the superintendent or executive director.

By certifying and submitting the grant application, the authorized official indicates that the subgrantee has read and agrees to comply with all the terms outlined in the applicable schedules, including the General and Fiscal Guidelines, General Provisions and Assurances, Program Guidelines, Program Specific Provisions and Assurances, and certifications applicable to the grant.

In accordance with TEA’s [General and Fiscal Guidelines](#), in order to ensure compliance with required accounting procedures, LEA staff who submit grant applications are strongly encouraged to consult with their business office about assignment of budgeted items to the proper class/object codes before completing and submitting the grant application. Advance coordination with the business office may help expedite negotiation and processing of the application and may assist in avoiding or minimizing audit exceptions.

All fiscal and programmatic documentation must be maintained locally and be available to provide to TEA or auditors upon request.

The grant application, after being approved by TEA, is considered effective on the date the application was received by TEA in substantially approvable form, unless the submittal occurred prior to the begin date of the grant, in which case the effective date is the begin date of the grant. All applications are subject to negotiation.

#### Implementation:

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

Federal entitlement grant funds include, but are not limited to, Every Student Succeeds Act (ESSA), Individuals with Disabilities Education Act (IDEA), Carl D. Perkins and ESSER. 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>.



All applications and amendments to any funding agency must be submitted through the Grants and Recognition Department.

Approval for submitting applications is received from members of the Grants and Recognition Department, and approved applications are signed by the Superintendent or designated assignee prior to submission.

The Grants and Recognition Department shall work collaboratively with the Special Revenue Department to ensure that all grant budget schedules are completed using the correct account code structure (as appropriate). and the application deadline is met.

The Director of Grants and Recognition shall: designate the authorized official, complete the SC5003, complete, save and submit the grant application.

The Grant Manager shall obtain the annual entitlement amounts and begin the grant development process with the appropriate stakeholders.

A list of competitive grants administered by the TEA are also posted on the TEA Grants Management webpage at: <http://tea.texas.gov/index2.aspx?id=2147487872>.

The Grant Manager shall obtain the competitive grant information to determine whether the grant(s) is appropriate for the district. Some competitive grants may have matching-funds and/or in-kind payment requirements which may place a burden on the district's available financial resources. TEA's Grant Opportunities offers 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. No federal grant funds shall be budgeted, encumbered, or spent until either of the following has occurred:

- Grant has been approved by the granting agency and a Notice of Grant Award (NOGA) has been issued to the district; or the entitlement grant has been received by the district and
- The grant application has been submitted to TEA [NOTE: TEA allows federal grant expenditures from the grant application “stamp-in date”; however, expenditures that require TEA’s specific approval are not approved until the NOGA is issued.] The grant application shall be the source document to create the original budget.

### ***After Receiving the NOGA/GAN***

#### **Requirement:**

Throughout the grant period, the budget is used as a control measure. The budget is monitored as expenditures are incurred.

#### **Implementation:**

After the Notice of Grant Award (NOGA) is received, an initial meeting between the Grants & Recognitions Department, the Special Revenue Department and the Program Manager will be scheduled. At that time, the Grants & Recognitions Department will provide the Program Manager with the following items:

- The Request for Application (RFA)
- A Copy of the Approved Application
- The Notice of Grant Award (NOGA)
- Grant Guidelines
- Budget and Budget Narrative
- Activity Timeline
- Dates and Amendment Deadlines
- Grant Manual
- Contact Information
  - Funding Agency or Organization
  - Grants & Recognitions Department
  - Special Revenue Department
  - Purchasing Department
  - Accounts Payable Department
  - Payroll Department
  - Human Resources Department
  - Acceptance Agreement

Additional items to be reviewed at the Initial Meeting:

- Grant beginning and ending dates
- Budget summary and supporting schedules – to establish budget
- In-Kind/Matching requirements
- Reporting requirements
- Allowable and unallowable costs
- Amendment/Transfer requirements
- Contracted service considerations
- Any supplement vs. supplant considerations
- Personnel/Staffing issues
- Grant ending process

In addition, staff from the Special Revenue Department will work with the Program Manager to determine division of responsibility and how to appropriately account for the grant award. Budget codes and appropriation amounts will be assigned to correspond with the financial information approved by the funding agency.

Funds cannot be obligated or expended prior to the approval date or beginning date stated on the Notice of Grant Award (NOGA) unless the grant allows it.

The Grant Manager shall obtain the annual entitlement amounts and begin the grant development process with the appropriate stakeholders.

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

<http://burlison.tea.state.tx.us/GrantOpportunities/forms/GrantProgramSearch.aspx>

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

All district staff involved in the management of federal grant awards shall be aware of these resources. No federal grant funds shall be budgeted, encumbered, or spent until either of the following has occurred:

- Grant has been approved by the granting agency and a Notice of Grant Award (NOGA) has been issued to the district; or
- The entitlement grant has been received by the district and the grant application has been submitted to TEA [NOTE: TEA allows federal grant expenditures from the grant

application “stamp-in date”; however, expenditures that require TEA’s specific approval are not approved until the NOGA is issued.] The grant application shall be the source document to create the original budget.

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

### ***Amending the Budget and Application***

Requirement:

As described on TEA’s [Amending an Application](#) webpage, after receiving a NOGA, the grantee may realize a need to make modifications to planned allowable activities or estimated budget costs. Some changes are within the grantee’s power to make without seeking TEA approval. Other changes, however, require the grantee to amend the approved grant application and receive approval of the changes.

The LEA refers to TEA’s “When to Amend the Application” chart, located on TEA’s [Amending an Application](#) webpage, to determine whether a grant amendment should be submitted to TEA, or whether changes may be made to local records only. Required amendments must be submitted to TEA by the Last Amendment Due Date listed on the TEA [Grant Opportunities](#) webpage for the specific grant program.

All amendments are subject to negotiation and must adhere to the guidelines, regulations, provisions, and assurances of the grant program.

An amendment, after being approved by TEA, is considered effective on the date the amendment was received by TEA in substantially approvable form. All amendments are subject to negotiation.

In general, an amendment must be approved by TEA before any activities occur, such as purchase orders issued, funds encumbered or expended, goods received, or services rendered, that are affected by the amendment. If the LEA chooses to implement such changes prior to the amendment being approved by TEA, the LEA will be responsible for paying from other fund sources, any costs not approved during negotiations.

Local accounting records provide a complete record of the approved grant budget and all amendments, as well as transactions that do not require an official amendment submission to TEA.

## Implementation:

Some funding agencies have flexible guidelines regarding revising budgets, modifying programs, and extending the project period. Other grantors abide by stringent guidelines, requiring prior approval of any and all deviations from original objectives and time periods. Refer to the Request for Application (RFA), applicable grant regulations and/or the Grants Department for guidance regarding whether adjustments require funding agency approval. Since a grant is a binding agreement between organizations, changes in the scope, budget, or timeline must be coordinated through the Grants & Recognitions Department in collaboration with Special Revenue.

Amendments are required for federal/state grants if the following are being requested or changed:

- Field trips
- Hosting conferences
- Out of state travel

Amendments may be required if one or more of the following conditions apply:

A change in the grant scope or objective(s)

- The addition of a new budget line item
- The transfer of funds from one budget category to another (i.e. payroll to contracted services or supplies to payroll)
- An increase or decrease in the number of positions funded
- A request for additional funding
- A request for an extension of the grant term
- A change in performance indicators

Funding agencies review amendments for accuracy and compliance with amendment guidelines. If incomplete, the funding agency will contact the Program Manager for clarification. If complete, copies are forwarded to the funding agency program officer for review. The program officer will approve or deny the request. The funding agency will then notify the grant recipient regarding approval status.

After the funding agency approves an amendment, the Program Manager submits a budget transfer to the Special Revenue Department. Although amendments are generally processed on an ongoing basis, some grants limit the number of amendments that can be submitted. Most grants have a final amendment deadline which may be a specific date or stated in terms such as “90 days prior to the end of the grant”. (Refer to the grant guidelines received from the funding agency for this information.) Prior to the final amendment deadline, financial information should be reviewed to

determine if an amendment is necessary to expend all funds within the scope of the award. This review can be incorporated into the Close-Out procedure.

The District follows TEA's When to Amend the Application guidance for grants administered by TEA. The guidance applies to both federal and state grants.

### ***Monitoring Expenditures***

#### **Requirement:**

The LEA must compare actual expenditures with budget amounts for each Federal award and make adjustments as necessary.

The LEA must perform a reconciliation of any variances between the total expenditures recorded in the payroll journal and the total expenditures recorded in the detailed general ledger.

The LEA must perform a reconciliation of any variances between the total expenditures recorded in the detailed general ledger and the total expenditures reported to TEA via expenditure reporting.

The LEA must monitor expenditures to ensure compliance with the Maintenance of Effort requirements for ESSA and IDEA-B.

#### **Implementation:**

### **Grant Monitoring and Accountability**

The District's financial management system, Munis, is utilized to ensure that all grant funds are consistently monitored throughout the grant period. The monitoring will 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

At various intervals during the grant cycle, the Special Revenue Department issues budget status reports to all Program Managers and Directors. These reports summarize revised budget, actual expenditures, and available balances. If spending is ahead or behind schedule, the Grants & Recognitions as well as the Special Revenue Department will assist the Program Manager to develop an action plan.

The Program Manager for each grant will be primarily responsible for all aspects of program implementation to include programmatic, fiscal and evaluation. The Special Revenue Department will review expenditures for accuracy before submitting for a final draw and, if needed, recommend changes in coding and/or funding source.

The Program Manager will monitor the timing of grant activities throughout the grant period, especially as they relate to the desired outcomes. The Special Revenue Department will 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 Program Manager, Grants & Recognitions Department, and the Special Revenue Department will work collaboratively to develop an action plan to ensure that the federal grant goals are met. The oversight of grant activities and expenditures will include, but not be limited to, the following:

- Cost overruns or high unit costs
- Significant developments that may result in an inability to complete the grant activities

The District will 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 will be addressed in a timely manner upon receipt of the notification. The Program Managers and other appropriate departments work collaboratively to develop and implement a Corrective Action Plan to resolve the findings or deficiencies. The Superintendent, or designee, will approve the Corrective Action Plan and monitor the timely implementation of corrective strategies.

The District will 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, will be implemented to remedy the loss of grant funds due to fraud.

## Spending Grant Funds

Grant expenditures must be aligned with approved budgeted items.

While developing and reviewing the grant budget, the Special Revenue Department should keep in mind the difference between direct costs and indirect costs, as well as the Federal Cost Principles for determination of allowability of costs.

### *Direct and Indirect Costs*

According to [2 CFR §200.412](#) Classification of Costs, there is no universal rule for classifying certain costs as either direct or indirect under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the Federal award or other final cost objective. Therefore, **it is essential that each item of cost incurred for the same purpose be treated consistently in like circumstances either as a direct or an indirect cost in order to avoid possible double-charging of Federal awards.**

*Cost Objective* means a program, function, activity, award, organizational subdivision, contract, or work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, capital projects, etc. A cost objective may be a major function of the non-Federal entity, a particular service or project, a Federal award, or an indirect (Facilities and Administrative) cost activity. [2 CFR §200.1](#).

*Direct costs* are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. [2 CFR §200.413\(a\)](#).

In accordance with [2 CFR §200.413\(b\)](#), identification with the Federal award rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect costs of Federal awards.

Typical costs charged directly to a Federal award are:

- The compensation of employees who work on that award,
- Their related fringe benefit costs,
- The costs of materials and other items of expense incurred for the Federal award.

If directly related to a specific award, certain costs that otherwise would be treated as indirect costs may also be considered direct costs. Examples include extraordinary utility consumption, the cost



of materials supplied from stock or services rendered by specialized facilities, **program evaluation costs**, or other institutional service operations.

*Indirect costs* means those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. [2 CFR §200.1](#).

*Administrative Costs* generally are costs that are normal and customary expenses of administration. Some administrative costs are considered indirect costs, while other administrative costs are considered direct costs, as described in [2 CFR §200.413\(c\)](#). Some program statutes include information related to the definition of the term as it applies to the program-specific grant. TEA's [General and Fiscal Guidelines](#) provide examples of direct administrative costs.

Some grant programs do not allow direct administrative costs to be charged to the grant. Some grant programs place a limitation on the percentage of administrative costs, both direct and indirect, that can be charged to the grant for any fiscal year.

In accordance with [2 CFR §200.413\(c\)](#), the salaries of administrative and clerical staff should normally be treated as indirect costs. However, direct charging of these costs may be appropriate **only if all of the following conditions are met:**

- Administrative or clerical services are integral to a project or activity;
- Individuals involved can be specifically identified with the project or activity;
- Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and
- The costs are not also recovered as indirect costs.

*Indirect Cost Rate:*

Requirement:

The Texas Education Agency (TEA) is the authoritative entity that issues Indirect Cost Rates for Independent School Districts (ISDs) and Open-Enrollment Charter Schools. TEA's [Indirect Cost Rates webpage](#) describes the process involved in requesting an Indirect Cost Rate (ICR). The process varies for ISDs and Open-Enrollment Charter Schools.

Grantees that choose to participate in the Indirect Cost Rates process must request and receive a new Indirect Cost Rate annually. The rates are effective July 1 through June 30<sup>th</sup>.

Grantees that do not request an Indirect Cost Rate for the specific year are prohibited from recovering a percentage of their indirect costs from their Federal awards for that year.

Grantees that receive Federal education awards are prohibited from using a de minimis indirect cost rate in lieu of a current negotiated rate.

Grantees that receive their Indirect Cost Rate from TEA may use the rates to recover their organization-wide administrative costs of managing Federal grants, including costs related to accounting, budgeting, purchasing, auditing, and payroll processing.

TEA issues two Indirect Cost Rates, a Restricted rate and an Unrestricted rate.

*Restricted Rate:* The Restricted Indirect Cost Rate is used for grant programs where the Supplement, Not Supplant (SNS) requirement applies. The majority of the grants that TEA administers are subject to Supplement, Not Supplant.

*Unrestricted Rate:* The Unrestricted Indirect Cost Rate is applied to grants not subject to the Supplement, Not Supplant requirement.

Once the LEA has an approved indirect cost rate, the percentage is multiplied against the actual expenditures declared in the Expenditure Reporting (ER) system (excluding certain distorting items such as equipment, contracts in excess of \$25,000, pass-through funds, etc.) incurred under a particular grant to produce the dollar amount of indirect costs allowable to that award.

The grantee with an Indirect Cost Rate may claim Indirect Costs via the ER system, regardless of whether Indirect Costs were budgeted in their grant application. Indirect costs are calculated and reimbursed based on actual expenditures when reported in the ER system.

When a Federal program has a specific cap on the percentage of administrative costs that may be charged to a grant, that cap includes all direct administrative charges as well as any recovered indirect charges.

In accordance with [OMB's 2 CFR FAQ May 2021](#) document, unallowable costs must not be charged either directly or indirectly to Federal awards.

#### Implementation:

Grantees must have a current, approved federal indirect cost rate to charge indirect costs to the grant. The indirect cost rate is calculated using costs specified in the grantee's indirect cost plan. Those specified costs may not be charged as direct costs to the grant under any circumstances. The Special Revenue Department is responsible for completing and submitting the TEA Indirect Cost Rate Proposal.

A final expenditure report and drawdown will be submitted upon completion of grant. Final drawdowns will include all applicable indirect costs as allowable by grant guidelines. The District has elected to drawdown federal grant funds under the cash reimbursement program guidelines, i.e. after the delivery of the payment to the payee. No interest will be earned, recorded, nor returned to the granting agency as a result of the cash reimbursement program.

#### ***Determination of Allowability of Costs***

##### Requirement:

The LEA is responsible for the efficient and effective administration of the Federal award through the application of sound management practices, and administers the Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award. [2 CFR §200.400\(a-b\)](#).

All costs supported by Federal education funds must meet the standards outlined in [2 CFR Part 200, Subpart E Cost Principles](#).

##### *Factors Affecting Allowability of Costs* [2 CFR §200.403](#)

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- **Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.**
- **Conform to any limitations or exclusions set forth in these principles ([2 CFR Part 200 Subpart E](#)) or in the Federal award as to types or amount of cost items.**

- **Be consistent with policies and procedures that apply uniformly to both Federally-financed and other activities of the LEA.**
- **Be accorded consistent treatment.** A cost cannot 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.
- **Be determined in accordance with generally accepted accounting principles (GAAP), except as otherwise provided in 2 CFR Part 200.**
- **Not be included as a cost or used to meet cost sharing or matching requirements of any other Federally-financed program in either the current or a prior period.** (Some Federal program statutes require the non-Federal entity to contribute a certain amount of non-Federal resources to be eligible for the Federal program. Refer to [2 CFR §200.306\(b\)](#) for information related to cost-sharing or matching.)
- **Be adequately documented.** (See also [2 CFR §§200.300 – 200.309.](#))
- **Cost must be incurred during the approved budget period.**

*Necessary:*

While the Federal Cost Principles don't provide specific descriptions of what satisfies the "necessary" element beyond its inclusion in its reasonableness analysis, "necessary" is determined based on the needs of the program. Specifically, the expenditure must be necessary to achieve an important program objective. A key aspect in determining whether a cost is necessary is whether the LEA can demonstrate that the cost addresses an existing need, and can prove it.

When determining whether a cost is necessary, consideration may be given to:

- Whether the cost is needed for the proper and efficient performance of the grant program.
- Whether the cost is identified in the approved budget or application.
- Whether there is an educational benefit associated with the cost.
- Whether the cost aligns with identified needs based on results and findings from a needs assessment.
- Whether the cost addresses program goals and objectives and is based on program data.

*Reasonable Costs* [2 CFR §200.404](#):

A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.

In determining reasonableness of a given cost, consideration must be given to:

- Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the LEA or the proper and efficient performance of the Federal award.
- The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, and local laws and regulations; and the terms and conditions of the Federal award.
- Market prices for comparable goods or services for the geographic area.
- Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the LEA, its employees, its students or membership where applicable, the public at large, and the Federal Government.
- Whether the LEA significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.

*Allocable Costs* [2 CFR §200.405](#):

A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost:

- Is incurred specifically for the Federal award;
- Benefits both the Federal award and other work of the LEA and can be distributed in proportions that may be approximated using reasonable methods; and
- Is necessary to the overall operation of the LEA and is assignable in part to the Federal award in accordance with the cost principles in [2 CFR Part 200 Subpart E](#).

Any cost allocable to a particular Federal award under the cost principles of [2 CFR Part 200 Subpart E](#) may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal award, or for other reasons. However, this prohibition would not preclude the LEA from shifting costs that are allowable under two or more Federal awards in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards.

*Direct Cost allocation principles:* If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or

activities in proportions that cannot be determined because of the interrelationship of the work involved, the costs may be allocated or transferred to benefitted projects on any reasonable documented basis.

Where the purchase of equipment or other capital asset is specifically authorized under a Federal award, the costs are assignable to the Federal award regardless of the use that may be made of the equipment or other capital asset involved when no longer needed for the purpose for which it was originally required. See also Property Standards in [2 CFR §§200.310-200.316](#) and [200.439](#).

*Applicable credits* [2 CFR §200.406](#):

“*Applicable credits*” refer to those receipts or reduction-of-expenditure-type transactions that offset or reduce expense items allocable to the Federal award as direct or indirect costs. Examples of such transactions are: purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the LEA relate to allowable costs, they must be credited to the Federal award, either as a cost reduction or a cash refund, as appropriate.

*Selected Items of Cost* [2 CFR §§200.420-200.476](#):

The Selected Items of Cost section of [2 CFR Part 200 Subpart E Cost Principles](#) provides **principles** to be applied in establishing the allowability of certain items involved in determining cost, in addition to the factors affecting allowability of costs. These principles apply whether or not a particular item of cost is properly treated as a direct cost or indirect cost.

Failure to mention a particular item of cost in this section is not intended to imply that it is either allowable or unallowable; rather, determination as to allowability in each case should be based on the treatment provided for similar or related items of cost, and based on the principles described in [2 CFR §§200.402-200.411](#). **In case of a discrepancy between the provisions of a specific Federal award and the provisions in the Selected Items of Cost section, the Federal award governs.** Criteria outlined in [2 CFR §200.403](#) must be applied in determining allowability.

LEA personnel responsible for spending Federal grant funds and for determining allowability must be familiar with the 2 CFR Part 200 Selected Items of Cost provisions. The LEA must follow these rules when determining whether to charge specific expenditures to a Federal grant. In addition,

Federal program-specific regulations, State rules, and local policy, may deem a specific cost as unallowable, even though identified as allowable in the Selected Items of Cost provisions. LEA personnel must follow the most restrictive.

Cost items may be unallowable for a number of reasons, including: the express language of the regulation states the item is unallowable; the terms and conditions of the grant deem the item unallowable; or State/local restrictions dictate that the item is unallowable. The item may also be unallowable because it does not meet one of the Federal cost principles. For example, an item that typically might be allowable, may be deemed unallowable, if the price is considered unreasonable. If an item is unallowable for any of these reasons, Federal funds cannot be used to purchase the item.

The Selected Items of Cost addressed in 2 CFR Part 200, applicable to all Federal awards (some cost items may not be applicable to Federal education awards) includes the following:

<b>Item of Cost</b>	<b>Citation of Allowability Rule</b>
Advertising and public relations	<a href="#">2 CFR § 200.421</a>
Advisory councils	<a href="#">2 CFR § 200.422</a>
Alcoholic beverages	<a href="#">2 CFR § 200.423</a>
Alumni/ae activities	<a href="#">2 CFR § 200.424</a>
Audit services	<a href="#">2 CFR § 200.425</a>
Bad debts	<a href="#">2 CFR § 200.426</a>
Bonding costs	<a href="#">2 CFR § 200.427</a>
Collection of improper payments	<a href="#">2 CFR § 200.428</a>
Commencement and convocation costs	<a href="#">2 CFR § 200.429</a>
Compensation – personal services	<a href="#">2 CFR § 200.430</a>
Compensation – fringe benefits	<a href="#">2 CFR § 200.431</a>
Conferences	<a href="#">2 CFR § 200.432</a>
Contingency provisions	<a href="#">2 CFR § 200.433</a>
Contributions and donations	<a href="#">2 CFR § 200.434</a>
Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements	<a href="#">2 CFR § 200.435</a>
Depreciation	<a href="#">2 CFR § 200.436</a>
Employee health and welfare costs	<a href="#">2 CFR § 200.437</a>
Entertainment costs	<a href="#">2 CFR § 200.438</a>
Equipment and other capital expenditures	<a href="#">2 CFR § 200.439</a>
Exchange rates	<a href="#">2 CFR § 200.440</a>
Fines, penalties, damages and other settlements	<a href="#">2 CFR § 200.441</a>
Fund raising and investment management costs	<a href="#">2 CFR § 200.442</a>
Gains and losses on disposition of depreciable assets	<a href="#">2 CFR § 200.443</a>
General costs of government	<a href="#">2 CFR § 200.444</a>
Goods or services for personal use	<a href="#">2 CFR § 200.445</a>

Idle facilities and idle capacity	<a href="#">2 CFR § 200.446</a>
Insurance and indemnification	<a href="#">2 CFR § 200.447</a>
Intellectual property	<a href="#">2 CFR § 200.448</a>
Interest	<a href="#">2 CFR § 200.449</a>
Lobbying	<a href="#">2 CFR § 200.450</a>
Losses on other awards or contracts	<a href="#">2 CFR § 200.451</a>
Maintenance and repair costs	<a href="#">2 CFR § 200.452</a>
Materials and supplies costs, including costs of computing devices	<a href="#">2 CFR § 200.453</a>
Memberships, subscriptions, and professional activity costs	<a href="#">2 CFR § 200.454</a>
Organization costs	<a href="#">2 CFR § 200.455</a>
Participant support costs	<a href="#">2 CFR § 200.456</a>
Plant and security costs	<a href="#">2 CFR § 200.457</a>
Pre-award costs	<a href="#">2 CFR § 200.458</a>
Professional services costs	<a href="#">2 CFR § 200.459</a>
Proposal costs	<a href="#">2 CFR § 200.460</a>
Publication and printing costs	<a href="#">2 CFR § 200.461</a>
Rearrangement and reconversion costs	<a href="#">2 CFR § 200.462</a>
Recruiting costs	<a href="#">2 CFR § 200.463</a>
Relocation costs of employees	<a href="#">2 CFR § 200.464</a>
Rental costs of real property and equipment	<a href="#">2 CFR § 200.465</a>
Scholarships and student aid costs	<a href="#">2 CFR § 200.466</a>
Selling and marketing costs	<a href="#">2 CFR § 200.467</a>
Specialized service facilities	<a href="#">2 CFR § 200.468</a>
Student activity costs	<a href="#">2 CFR § 200.469</a>
Taxes (including Value Added Tax)	<a href="#">2 CFR § 200.470</a>
Telecommunication costs and video surveillance costs	<a href="#">2 CFR § 200.471</a>
Termination costs	<a href="#">2 CFR § 200.472</a>
Training and education costs	<a href="#">2 CFR § 200.473</a>
Transportation costs	<a href="#">2 CFR § 200.474</a>
Travel costs	<a href="#">2 CFR § 200.475</a>
Trustees	<a href="#">2 CFR § 200.476</a>

#### Implementation:

When determining how the LEA will spend its grant funds, The Grants and Recognition Department will review the proposed cost to determine whether it is an allowable use of Federal grant funds *before* budgeting, obligating, and spending those funds on the proposed good or service.

LEA personnel consult the following when determining if a cost is allowable with Federal funds:



- [2 CFR Part 200, Subpart E – Cost Principles](#), including the Basic Considerations and the General Provisions for Selected Items of Cost
- Program-specific statutes and regulations for the specific Federal award
- TEA’s Program Guidelines and other guidance/rules for the specific Federal program
- TEA’s general guidance and rules related to the administration of Federal awards
- Terms and conditions of the award
- USDE guidance
- Local policy and procedures

*All District costs with grant funds, whether direct or indirect, will meet the minimum requirements of allowability as specified in the 2 CFR 200.403. In addition, the costs must meet the general provisions for selected items of cost (2 CFR 200.420). Specific items not listed within these procedures will be evaluated by the Grants & Recognitions Department, the Program Manager and/or the Special Revenue Department on a case-by-case basis for allowability. The general cost allowability rules for specific items of cost listed within these procedures will apply to all grant funds, unless more restrictive allowability rules are required by a particular grant award or local/state policy. The District will adhere to the more restrictive allowability rules.*

#### *Helpful Questions for Determining Whether a Cost is Allowable:*

In addition to the cost principles and standards described above, LEA fiscal and program staff may refer to this section as a useful framework when performing an analysis of allowability. In order to determine whether Federal funds may be used to purchase a specific cost item, it is helpful to ask the following questions:

#### **Three important questions should be asked for every type of expenditure with Federal awards:**

- 1) Is the cost reasonable and necessary?
- 2) Does the cost meet the intent of the Federal program’s statute and regulations?
- 3) Does the cost align with an allowable activity in the Federal program’s statute and regulations?

Additional questions to consider when determining allowable use of funds:

- Is the proposed cost allowable under the relevant program?
  - Am I familiar with the program-specific statutes and regulations?

- Have I reviewed the Program Guidelines issued by TEA for the particular grant program?
- Is the proposed cost consistent with an approved program plan and budget?
  - Is the cost identified in the applicable program plan?
  - Is the cost item budgeted in our internal budget documents or does it need to be added?
  - Is the cost item budgeted in the grant application or does it need to be added?
  - Does the cost item require specific approval from TEA?
  - If so, has the cost item been approved by TEA?
- Is the proposed cost consistent with program-specific fiscal rules?
  - Does the grant program have a supplement, not supplant rule?
  - Are there other program-specific fiscal rules that affect this cost item?
- Is the proposed cost consistent with specific conditions imposed on the grant (if applicable)?
  - Does the proposed cost item conform to any limitations or exclusions set forth in the terms and conditions of the award?
  - Have I reviewed the NOGA for the grant award to determine specific terms and conditions?
- Is the proposed cost consistent with the Federal Cost Principles in 2 CFR Part 200?
  - Is the proposed cost reasonable and necessary?
    - Is it a type generally recognized as ordinary and necessary for the operation of the LEA?
    - Is it needed for the proper and efficient performance of the specific Federal program?
    - Does it address program-specific goals and objectives?
    - Is it aligned with identified needs based on program data?
    - Have I reviewed the Campus Improvement Plan and/or District Improvement Plan and Comprehensive Needs Assessment?
    - Is there an educational benefit associated with the cost?
    - Are sound procurement practices, such as arms-length bargaining, full and open competition standards followed, if applicable?
    - Are we significantly deviating from our locally established practices and policies?
    - Is the price consistent with market prices for comparable goods or services for the geographic area?
    - Are we required to perform a cost/price analysis?
    - Did we perform a lease vs purchase analysis, if applicable?
    - Did we perform an appropriate analysis to determine the most economical approach for the purchase?

- Did we consider the option of used or surplus property in lieu of purchasing new equipment or property?
- Is this the minimum amount I need to spend to meet the need?
- Is this a more expensive model/version than what I really need?
- Do we really need this, or is it just nice to have?
- Do we have the capacity to use what I'm purchasing?
- Would this be a duplicative item of something we already have? Have I checked our inventory?
- Would this purchase pass the prudent person test?
- If I were asked to defend his purchase, would I be able to?
- Is the proposed cost allocable to the Federal award?
  - Is the cost incurred specifically for the Federal program?
  - Will the program benefit in proportion to the costs charged to the Federal award?
- Is the proposed cost item consistent with policies and procedures that apply uniformly to both Federally-financed and other activities of the LEA?
  - Does the proposed cost item adhere to local policy?
- Is the proposed cost item accorded consistent treatment?
  - Is the cost a direct cost or indirect cost?
  - Is the determination consistent with like costs in like circumstances?
- Will the accounting treatment of the proposed cost item conform with the generally accepted accounting principles (GAAP)?
- Will the proposed cost item be used as a match or cost-share?
- Are any credits being extended that should reduce the amount being allocated to the Federal award?
- Have I reviewed the Selected Items of Cost in 2 CFR Part 200?
- Have I reviewed the TEA Program Guidelines and Terms and Conditions for the specific Federal award, and any TEA guidance, such as FAQs for the specific award?
- Have I reviewed TEA's General and Fiscal Guidelines, and General Provisions and Assurances, applicable to all Federal education awards, as well as program-specific provisions and assurances?
- Do I have a system in place to adequately document the entire procurement cycle for the purchase?
- Do I have a system in place to ensure the obligation and expenditure occur during the grant program performance period?

- Do I have a system in place to ensure that once the item is purchased and received, personnel who use the item are made aware of its fund source and intended purpose and intended beneficiaries?
- Are there any State or local rules applicable to this cost item that are more restrictive than Federal rules?

*Additional Specific Cost Considerations:*

The following costs are noteworthy of additional information and guidance to ensure compliance with allowable use of funds.

*Hosting conferences, field trips (entertainment) and out-of-state travel* are generally unallowable under TEA policy, unless they are specified as allowable in the TEA Program Guidelines for the specific grant program.

**State travel reimbursement rules are more restrictive than the Federal rules.** Please see the Travel section of this manual for the LEA's travel reimbursement procedures.

*Participant Support Costs* means direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but **not employees**) in connection with conferences, or training projects. [2 CFR §200.1](#)

The LEA will follow the instructions for "Prior Approval Requests for Participant Support Costs" located on TEA's website "Forms for Prior Approval, Disclosure, and Justification":

<https://tea.texas.gov/finance-and-grants/grants/grants-administration/forms-for-prior-approval-disclosure-and-justification>

*Field trips* generally fall under the category of entertainment. Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved budget for the Federal award or with prior written approval of the Federal awarding agency. [2 CFR §200.438](#)

The LEA will follow TEA's guidance in the Program Guidelines specific to the Federal grant program to determine if an activity is considered an **educational** field trip and whether the activity is allowable. If so, the cost must be budgeted in the grant application. The LEA must complete the

[“Justification for Educational Field Trips”](#) form and maintain locally. The form is located on TEA’s website “Forms for Prior Approval, Disclosure, and Justification”:

<https://tea.texas.gov/finance-and-grants/grants/grants-administration/forms-for-prior-approval-disclosure-and-justification>

*Grant writing* is an unallowable use of Federal funds. Please see the “Completing and Submitting the Grant Application” section of this manual for more information.

*Telecommunication costs and video surveillance costs* are costs incurred for telecommunications and video surveillance services or equipment, such as phones, internet, video surveillance, and cloud servers. [2 CFR §200.471](#) These costs are allowable **except** for the circumstances described in [2 CFR §200.216](#).

The LEA will ensure it complies with the prohibitions described in [2 CFR §200.216](#). Please see the Contract Prohibitions section of this manual for more information.

*Use of Funds for Religion Prohibited* [34 CFR 76.532](#)

No State or subgrantee may use its grant or subgrant to pay for any of the following: (1) Religious worship, instruction, or proselytization; (2) Equipment or supplies to be used for any of the activities specified in (1).

***Federal Cash Management*** [2 CFR §200.305](#)

Payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity (e.g., TEA) and the disbursement by the LEA, whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means.

There are two payment methods available to a subgrantee: reimbursement and cash advances.

*Reimbursement:*

Requirement:

In a reimbursement method, the LEA draws down Federal grant funds from the U.S. Treasury or pass-through entity (e.g., TEA) **after the LEA has already paid out the funds**. In an effort to allow subgrantees with additional flexibility, TEA has defined reimbursement as drawing down funds from the TEA Expenditure Reporting (ER) System on, or after, the day the LEA has mailed, delivered, or submitted an electronic payment for the Federal program purpose.

All reimbursements are based on actual disbursements, not on obligation.

For audit purposes, the LEA must track the date it mailed, delivered, or submitted an electronic payment as proof for the reimbursement method.

Implementation:

The LEA will initially charge Federal grant expenditures to non-Federal funds.

The Special Revenue Department prepares and certifies periodic expenditure reports and drawdowns as required by grant guidelines. The drawdown will be for all expenditures through the most recently reconciled month, less grant funds received to date, as verified by a financial general ledger. The drawdown process includes: expenditures, refunds, rebates, credits, discounts, and other adjustments to the general ledger.

The Special Revenue Department will be responsible to ensure that the requested drawdown amount does not exceed a grant-specific drawdown amount or percentage.

For all grants that allow indirect costs, the Special Revenue Department will calculate the amount through June of the respective grant year as the rate changes effective July 1, then again at the end of the grant cycle on any balances spent after July 1. The calculation will be done in accordance with all TEA guidelines. The final drawdown of grant funds from the granting agency will be made within the allowable timeframe and after ensuring that there are no outstanding purchase orders or pending liquidations. The grant liquidation guidelines will be adhered to in fiscal reports or vouchers requesting payments be signed by the authorized individual(s).

*Cash Advance:*

Requirement:

Under the cash advance method, the LEA draws down Federal grant funds **in advance of when the funds will be paid out**. The payment date is the actual date of disbursement, not the date encumbered or scheduled for payment according to the accounting treatment.

The use of this payment method requires the LEA to have written procedures that minimizes the time elapsing between the drawdown and when the LEA will issue the payment.

Advance payments of Federal funds must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements for direct program or project costs and the proportionate share of any allowable indirect costs.

#### Implementation:

At no time will the District drawdown any “advanced” cash payments, unless specifically allowed by the granting agency.

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

Federal regulation (CFR 200.415) requires that the District certify the accuracy of the annual and final fiscal reports within the grant guidelines. The District does not drawdown more cash than necessary, but rather opera

#### *Payroll Considerations:*

##### Requirement:

Payroll accruals are wages, salaries, the related payroll taxes, TRS and IRS payments, and benefits that have been earned by an organization’s employees but have not yet been paid by the organization. The payroll accruals should not be claimed for reimbursement until they are reversed and paid out as payroll expenditures.

If the LEA draws down only the amount to be paid to the employees on the date the employees are paid, leaving an accrual balance in the accrued wages payables account in the LEA’s accounting system, then the drawdown is a reimbursement.

If liabilities, such as TRS or IRS payments, are drawn down at the same time the LEA draws down the employee's paycheck amount, but are not paid to these entities until a later date, these liability amounts are a cash advance. If instead, the liabilities are drawn down on the date the payments are submitted to these entities, the payment would be a reimbursement.

#### Implementation:

All payroll expenditures shall be paid in accordance with the grant cost principles. First and foremost, payroll expenditures must be authorized on the grant application and the duties assigned must be directly related to grant activities. No payroll or non-payroll expenditure will be made from grant funds except during the grant period.

Actual payroll expenses are included within the drawdown process described above, which are submitted after the Accounting Department has reconciled and completed their month end process. The month end close is completed after the TRS and IRS payment have been submitted.

The District has elected to drawdown federal grant funds under the cash reimbursement program guidelines, i.e. after the delivery of the payment to the payee. No interest will be earned

#### *Interest Earned on Cash Advances:*

#### Requirement:

Advance payments of Federal funds must be deposited and maintained in insured accounts whenever possible. [2 CFR §200.305\(b\)\(7\)\(ii\)](#)

In accordance with [2 CFR §200.305\(b\)\(8\)](#), the LEA must maintain advance payments of Federal awards in interest-bearing accounts, unless the following apply:

- The subgrantee receives less than \$250,000 in Federal awards per year
- The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per fiscal year on Federal cash balances
- The depository (bank) would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources
- A foreign government or banking system prohibits or precludes interest-bearing accounts



Interest begins to accrue (is calculated) from the date the Federal funds are deposited into the LEA's bank account until the date of disbursement for the grant expenditure (the date the payment is mailed, delivered, or electronically submitted).

Interest earned amounts up to \$500 per year may be retained by the LEA for administrative expense. Any additional interest earned on Federal advance payments deposited in interest-bearing accounts must be remitted annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment. Details for returning interest are described in [2 CFR §200.305\(b\)\(9\)](#).

Interest is NOT remitted to TEA.

Implementation:

Under the cash advance method, the district may draw down funds in advance of when the funds will be paid out. The use of this payment method requires the district to have written procedures that minimize the time elapsing between when the district requests a draw down and when the district will issue the payment for the program purpose.

The district has determined that it will not accept advanced payments for federal grant funds. Acceptance of advanced payments require depositing of the funds in an interest-bearing bank account, tracking of interest earnings, and return of all investment earnings in excess of \$500 per year to the granting agency. The Special Revenue Department is responsible for reimbursement requests.

### ***Expenditure Reporting (ER) System***

Requirement:

An LEA in good standing is required to use TEA's expenditure reporting (ER) system to record expenditures and request payment. Grantees should request payment regularly to indicate to TEA that grant funds are being spent and that grant activities are being implemented according to the established timelines, provided such payments conform to the rules pertaining to cash management. Final and Revised Final Expenditure Reports must be submitted by the deadline established by TEA for each specific grant.

When reporting expenditures by class/object code, the ER system will not permit the subgrantee to submit an expenditures report with the following criteria:

- Where the subgrantee is claiming expenditures in a class/object code not budgeted in the approved application
- When the total amount exceeds the total amount in the grant

Revised Final Expenditure Report:

- If the LEA discovers expenditures that are greater than the amount initially reported, it must file a revised final expenditure report by the deadline established by TEA in order to claim those expenditures. In the event that the ER system is closed, the LEA must contact the Cash Management/Fund Control Unit in TEA's Grants Administration Division for further instructions.
- If the LEA discovers expenditures that are less than the amount initially reported, it must submit a revised final expenditure in the ER system immediately. Refunds must then be submitted to TEA within 30 days, according to TEA's Refund processes.

The ER system is designed to accommodate a segregation of duties between the staff member who enters the drawdown into the ER system and the authorized official who certifies and submits the request. Failure to have such segregation of duties could be a sign of insufficient internal controls indicating risk of inadequate fund management. TEA strongly recommends the segregation of duties and may impose additional specific conditions on subgrant awards when risk is identified. The LEA is responsible for ensuring the Grantee Manager and/or Grantee Official has been authorized by the LEA to enter the organization into legally binding agreements for grant payment purposes. This authorized official must certify request for payment as described in Uniform Guidance [2 CFR §200.415\(a\)](#): *"By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812)."*

Supporting documentation (such as an accounting ledger) that lists the individual expenditures by object code, as well as invoices, receipts, travel vouchers, and other expenditure documents must be maintained locally and provided to TEA or auditors upon request.

Implementation:

The Special Revenue Department prepares and certifies periodic expenditure reports and drawdowns as required by grant guidelines. The drawdown will be for all expenditures through the most recently reconciled month, less grant funds received to date, as verified by a financial general ledger. The drawdown process includes: expenditures, refunds, rebates, credits, discounts, and other adjustments to the general ledger.

A final expenditure report and drawdown will be submitted upon completion of grant. Final drawdowns will include all applicable indirect costs as allowable by grant guidelines. The District has elected to drawdown federal grant funds under the cash reimbursement program guidelines, i.e. after the delivery of the payment to the payee. No interest will be earned, recorded, nor returned to the granting agency as a result of the cash reimbursement program.

The Special Revenue Department is responsible for submitting and monitoring reimbursement requests. The Special Revenue Accountant will submit the reimbursement request. The Director of Special Revenue will review the presented supporting documentation and certify. Supporting documents are saved within the Munis Financial System and/or in the NISD shared file. The Special Revenue Accountant will then create a receivable and recognize the revenue once the payment is received.

### ***Timely Obligation of Funds***

#### **Requirement:**

All obligations and encumbrances for Federal grant programs must occur on or after the effective date of the grant application (the date the application was received by TEA, or the first day of the grant availability period, whichever date is later) unless pre-award costs are expressly permitted for the specific grant program and within the grant beginning and ending dates listed on the NOGA.

The LEA must receive the benefit and liquidate (record as an expenditure) all obligations incurred under the award no later than the Revised Final Expenditure Report due date. An encumbrance cannot be considered an expenditure or accounts payable until the goods have been delivered and the services have been rendered.

Obligations that are liquidated and recognized as expenditures must meet the allowable cost principles of the [2 CFR Part 200, Subpart E](#), and be in compliance with the program rules,

regulations and guidelines contained in the program-specific statute and regulations, and TEA's general and program-specific guidelines, provisions, and assurances.

*When Obligations are Made* [34 CFR §76.707](#)

The following table, applicable to state-administered Federal education grants (grants received by the LEA from the pass-through entity [e.g., TEA], illustrates when Federal education funds are determined to be obligated, depending upon the expenditure type:

<b>If the obligation is for:</b>	<b>The obligation is made:</b>
Acquisition of real or personal property	On the date on which the LEA makes a binding written commitment to acquire the property
Personal services by an employee of the LEA	When the services are performed
Personal services by a contractor who is not an employee of the LEA	On the date on which the LEA makes a binding written commitment to obtain the services
Performance of work other than personal services	On the date on which the LEA makes a binding written commitment to obtain the work
Public utility services	When the LEA receives the services
Travel*	When the travel is taken
Rental of real or personal property	When the LEA uses the property
A pre-agreement cost that was properly approved by the Secretary under the cost principles in 2 CFR part 200, Subpart E-Cost Principles.	On the first day of the subgrant performance period

The Obligation Chart for Federal education awards received directly from the U.S. Department of Education, rather than received as pass-through from TEA, is located at [34 CFR §75.707](#).

\*TEA provides flexibility for LEAs to categorize registration fees as either Travel, or Personal Services by a Contractor, provided the determination is **consistently applied**. Please see the Travel section of this manual for the LEA's procedures regarding registration fees for professional development.

*Carryover Provision:* As a general rule, **state-administered** Federal funds are available for obligation within the year that Congress appropriates the funds for. However, given the unique nature of educational institutions, the period of availability is 27 months for many Federal education grants. This period of availability typically consists of an initial grant period of 15 months (i.e., July 1 through September 30 of the following year), plus a 12-month carryover period authorized by the “Tydings Amendment” (cited in the General Education Provisions Act (GEPA), [20 U.S.C. 1225\(b\)](#)). In accordance with [34 CFR §76.709](#), if a subgrantee does not obligate all of its subgrant funds by the end of the fiscal year for which Congress appropriated the funds, it may obligate the remaining funds during a carryover period of one additional fiscal year. The LEA shall use carryover funds in accordance with the Federal statutes and regulations that apply to the program and are in effect for the carryover period. [34 CFR §76.710](#)

Some education grant programs don’t allow carryover; some place a limit on the percent of unused funds that can be carried forward to the next year; and some place no limitation on the carryover percentage. The LEA must review the Program Guidelines for the specific grant program to determine the carryover provisions applicable to the specific program.

During some grant years, rather than use the carryover provision, TEA will extend the original budget period from the initial 15-month period to the full 27 months, thereby negating the need for carryover.

Grantees receiving **direct grants** from the Federal government are not covered by the 12-month Tydings Amendment period. However, a provision in the Uniform Guidance [2 CFR §200.309](#) allows the Federal awarding agency or pass-through entity (e.g., TEA) to approve extensions to grants that don’t fall under the Tydings Amendment.

Regardless of whether unspent funds carryover or whether the initial budget period is extended, the LEA should exercise proper grant management and internal control and have processes in place to fully spend the funds during the initial budget period and use the carryover provision for unexpected situations that prevent the LEA from spending all the grant funds during the current grant period. An exception to this general rule is the IDEA-B grant, in which the LEA may choose to carryover the required 25% Residential Set-Aside to ensure the funds will be available if needed.

Implementation:

All allowable grant expenditures shall be incurred during the grant period. The Special Revenue Department will notify the appropriate departments (such as Purchasing, Budget, Accounting, and Payroll) of the grant periods for each federal grant award to ensure compliance as noted below:

- No employee will be hired and paid from grant funds except during the grant period.
- No purchase obligation will be made from grant funds except during the grant period.
- No payroll or non-payroll expenditure will be made from grant funds except during the 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 drawdown of federal grant funds. Guidance regarding the obligation of federal grant funds can be found in TEA's General and Fiscal Guidelines.

The Special Revenue Department will 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 and are in compliance with EDGAR rules.

Carryover is forwarding an unobligated balance of funds from current budget year to cover allowable costs in a future budget year. This is not always permitted, and when it is permitted there are usually specific restrictions and procedures that must be followed to carryover funds. Carryover is never allowed for NEF grants, for example.

### ***Program Income*** [2 CFR §200.307](#)

Requirement:

In accordance [2 CFR §200.400\(g\)](#), the LEA may **not earn or keep** any profit resulting from Federal financial assistance, unless explicitly authorized by the terms and conditions of the Federal award.

[2 CFR §200.307](#) encourages LEAs to earn income to defray program costs where appropriate. However, the LEA must not generate more program income than it expends in the program. If it does, the NOGA must be reduced to prevent the LEA from unallowably generating or keeping profit from the Federal grant award.

*Program income* means gross income earned by a non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance. [2 CFR §200.1](#)

Program income, as indicated in [2 CFR §200.1](#), includes, but is not limited to:

- Income from fees for services performed,
- The use or rental of real or personal property acquired under Federal awards,
- The sale of commodities or items fabricated under a Federal award,
- License fees and royalties on patents and copyrights, and
- Principal and interest on loans made with Federal award funds

Program income is not:

- Interest earned on cash advances of Federal funds [2 CFR §200.1](#)
- Rebates, credits, discounts, and interest earned on any of these, except as otherwise provided in Federal statutes, regulations, or the terms and conditions of the Federal award [2 CFR §200.1](#)
- Taxes, special assessments, levies, fines, and other such revenues raised by a non-Federal entity, unless the revenues are specifically identified in the Federal award or Federal awarding agency regulations as program income [2 CFR §200.307\(c\)](#)
- Proceeds from the sale of real property, equipment, or supplies [2 CFR §200.307\(d\)](#)

#### *Use of Program Income:*

If the Federal awarding agency does not specify in its regulations or the terms and conditions of the Federal award, or give prior approval for how program income is to be used, the Deduction method for program income applies. [2 CFR §200.307\(e\)](#)

*Deduction method:* Ordinarily program income must be deducted from total allowable costs to determine the net allowable costs. Program income must be used for current costs unless the Federal awarding agency authorizes otherwise. Program income that the non-Federal entity did not anticipate at the time of the Federal award must be used to reduce the Federal award and non-Federal entity contributions rather than to increase the funds committed to the project. The LEA must notify TEA of any program income earned from products or activities funded from the Federal grant award.

*Addition method:* With prior approval of the Federal awarding agency, program income may be added to the Federal award by the Federal agency and the non-Federal entity. The program income must be used for the purposes and under the conditions of the Federal award.

The LEA must submit the “[Request to Add Program Income to Federal Grant Award and Expand Delivery of Programmatic Services](#)” form to TEA for approval. The form is located on TEA’s website “Forms for Prior Approval, Disclosure, and Justification”:

<https://tea.texas.gov/finance-and-grants/grants/grants-administration/forms-for-prior-approval-disclosure-and-justification>

While the deduction method is the default method, the LEA must refer to the NOGA/GAN to determine the appropriate use of program income.

*Income after the period of performance:* There are no Federal requirements governing the disposition of income earned after the end of the period of performance for the Federal award, unless the Federal awarding agency regulations or the terms and conditions of the Federal award provide otherwise. See [2 CFR §200.344](#) Closeout.

Implementation:

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

In the event that program income activities are approved, the Program Manager over the activities will ensure that the costs of generating the program income are not federal grant funds, are nominal in cost, and offset the program expenditures.

## Procurement

This manual describes **Federal** procurement rules from the Uniform Guidance [2 CFR Part 200](#), applicable to procurement with Federal funds.

**Whenever State rules or local policy are more restrictive than Federal regulations, the most restrictive must be followed.**

General Procurement Standards [2 CFR §200.318](#)

Requirement:

- The LEA must have and use documented procurement procedures, consistent with State and local laws and regulations and the general procurement standards of [2 CFR §200.318](#), for the



acquisition of property or services required under a Federal award or subaward. The LEA's documented procurement procedures must conform to the procurement standards identified in [2 CFR §§200.317 through 200.327](#).

- The LEA must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.
  - Implementation: Please see the Oversight and Quality Control section of this manual for the LEA's procedures.
- The LEA must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of contracts. Additionally, if the LEA has a parent, affiliate, or subsidiary organization that is not a State or local government, the LEA must also maintain written standards of conduct covering organizational conflicts of interest.
  - Implementation: Please see the Standards of Conduct Covering Conflicts of Interest section of this manual for the LEA's procedures for this requirement.
- The LEA's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. When appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.

Implementation:

Please see the Helpful Questions for Determining Whether a Cost is Allowable section of this manual for a list of considerations toward more economical and prudent purchases.

The analysis to determine the most economical approach is done at the time of planning and discussing the procurement need with the requesting department.

Determination is done by following the steps provided below:

1. Market research has been conducted;
2. Any alternative contracting approaches that would involve a lesser degree of consolidation have been identified;
3. The determination is coordinated with the regional Small Business Program.
4. Any negative impact by the procurement strategy on contracting with small business concerns has been identified; and
5. Steps are taken to include small business concerns in the procurement strategy.

- The LEA ensures that breaking out procurements to obtain a more economical price does not violate the State rules regarding component purchases, separate purchases, or sequential purchases as outlined in [TEC §44.032](#). Please see more information under the Contract Prohibitions section of this manual.
- To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal Government, the non-Federal entity is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services. Competition requirements will be met with documented procurement actions using strategic sourcing, shared services, and other similar procurement arrangements.
  - Implementation: Please see the Purchasing Cooperatives and Interlocal Agreements section of this manual for the LEA's procedures.
- The non-Federal entity is encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

Implementation:

District departments and schools are encouraged to transfer usable unneeded assets wherever possible by offering items to departments and schools at no cost. A detailed list of restrictions is available through the Northside ISD Property Management Procedures Manual. In addition, the District considers the use of federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs. 2 CFR § 200.318(f). To search for available Texas Federal Surplus material, please contact the District's Property Management Officer.

- An Asset Transfer Form must be completed by the Inventory Coordinator for the transfer of assets (Non-Capital Asset or Capital Asset) from one campus/department to another. Once the form is completed and properly approved, the entire form packet should be sent either to Technology Services or Property Management depending on the asset type. It is very important that Property Management receive a copy of the form, as this is the method whereby the District's asset database will be updated as to the location of transferred assets and availability.
- Several factors include: life of the asset, cost to repair if needed versus cost to replace, any additional benefits added to the project cost.

- The non-Federal entity is encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.

#### Implementation:

The District shall insert a value-engineering clause in solicitations and contracts when the contract amount is expected to exceed the simplified acquisition threshold prior to the release of the solicitation.

- Overages in excess of the original budget are detected during the design phase, the Program Manager will schedule and conduct cost adjustment sessions with the Architect, Contractor (for CMAR projects) and Construction Services for the purpose of bringing cost estimates for each project within the approved Project Cost Model. These sessions are described as cost reconciliation, or value engineering, to return estimated or actual bid costs back into budget, when estimates or bids reflect overages.
- The Construction Services Department oversees the construction contracts in conjunction with the Purchasing Department.
- The LEA must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.
  - Implementation: Please see the Suspension and Debarment section of this manual for the LEA's procedures in compliance with [2 CFR §200.214](#). Please see the Oversight and Quality Control section of this manual for contractor selection.
- The LEA must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.
  - Implementation: Please see the Oversight and Quality Control section of this manual for the LEA's procedures.
- The non-Federal entity may use a time-and-materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor

exceeds at its own risk. Detailed information regarding the Federal requirements regarding time-and materials type contracts is available at [2 CFR §200.318\(j\)](#).

#### Implementation:

The Construction Services department in conjunction with the Purchasing department would determine the circumstances as to when a time and materials contract would be used. Factors to consider would include: 1. When it is not possible at the time of placing the contract to estimate accurately the extent; or 2. Duration of the work or to anticipate costs with any reasonable degree of confidence.

- The Construction Services department in conjunction with the Purchasing department would review these types of contracts to ensure that all time and materials contracts set a ceiling price, beyond which the contractor is responsible for all costs.
- See the Oversight and Quality Control section in this manual for information on ensuring the contractor's methods and controls are efficient and effective.
- The LEA alone must be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the LEA of any contractual responsibilities under its contracts. Violations of law will be referred to the local, State, or Federal authority having proper jurisdiction.

#### Implementation:

Vendors who disagree with a contract award, or who are aggrieved with any other issue concerning their business relationship with the District, are required to follow established procedures to make a protest. Procedures for vendor protests can be found in Board Policy CHE (LOCAL) or refer vendor protests to the Purchasing Department.

TEA is responsible for judging only those contract matters that are primarily of Federal concern.

In compliance with NISD's Procurement Policies and Procedures, all district employees must follow the methods and procedures authorized by the Purchasing Department as outlined in the [Purchasing manual](#). Only purchases of goods and services obtained through the approved procurement methods are considered valid purchases of the district. Any purchase by district employees without the prior consent of the Purchasing Department and/or obtained through any other approved method(s) stated herein will be the sole responsibility of the person making the unauthorized purchase.

All incidents of suspected unauthorized purchases will be referred to Financial Services or to the Internal Auditor for review. Substantiated incidents of unauthorized purchases will be reviewed to determine the cause and responsibility. Any finding of disregard for or intentional violation of procurement procedures may result in appropriate disciplinary action(s).

## Competition [2 CFR §200.319](#)

### Requirement:

All procurement transactions for the acquisition of property or services required under a Federal award must be conducted in a manner providing full and open competition consistent with [2 CFR §200.319](#) Competition and [2 CFR §200.320](#) Procurement Methods. Noncompetitive procurements can only be awarded in accordance with [2 CFR §200.320\(c\)](#).

In order to ensure **objective** contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements.

Some of the situations considered to be restrictive of competition include but are not limited to:

- Placing unreasonable requirements on firms in order for them to qualify to do business;
- Requiring unnecessary experience and excessive bonding;
- Noncompetitive pricing practices between firms or between affiliated companies;
- Noncompetitive contracts to consultants that are on retainer contracts;
- Organizational conflicts of interest;
- Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and
- Any arbitrary action in the procurement process.

### Implementation:

All purchases with federal grant purchases will be in accordance with the federal regulations, specifically CFR 200.318. All purchases will 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 will strive to avoid acquisition of unnecessary or duplicative items. The District will 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 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 requesting department will develop written bid/proposal specifications that are provided to every qualified vendor to ensure consistency in the procurement process. At no time will 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 addenda, as appropriate
- List of all bid/proposal required documents such as Felony Conviction Notice, etc.
- Bid/Proposal Sheet
- Bid/Proposal evaluation criteria, including the weights, as applicable

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

***Geographical Preferences Prohibited [2 CFR §200.319\(c\)](#):***

Requirement:

The LEA must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference.

Nothing in this section preempts state licensing laws.

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

**The most restrictive requirement of applicable Federal and State laws and regulations and local policy must be followed.**

In accordance with [Texas Education Code \(TEC\) §44.042](#), a school district that purchases agricultural products shall give preference to those produced, processed, or grown in Texas if the cost to the school district is equal and the quality is equal. If agricultural products produced, processed, or grown in Texas are not equal in cost and quality to other products, the school district shall give preference to agricultural products produced, processed, or grown in other states of the United States over foreign products.

Implementation:

Geographical preference is included in the evaluation criteria of our Child Nutrition food and commodities solicitations and heavier consideration is given for those vendors who are able to meet the District's needs. In addition, Domestic Preferences is listed under the District's EDGAR Certification form as a self-certifying item in all solicitations issued. If the procurement was done as a small purchase, the Purchasing department will verify the vendor acknowledged the item through either a Purchase Cooperative or Interlocal agreement.

***Competitive Solicitation Requirements [2 CFR §200.319\(d\)](#):***

Requirement:

The LEA must have written procedures for procurement transactions that ensure all solicitations:

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

- Detailed product specifications should be avoided if at all possible.
- When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and
- Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

#### Implementation:

All purchases with federal grant purchases will be in accordance with the federal regulations, specifically CFR 200.318. All purchases will 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 will strive to avoid acquisition of unnecessary or duplicative items. The District will 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 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 Director of Purchasing will oversee all bid/proposal documents before release to the vendors to ensure the documents comply with the federal requirements.

#### ***Prequalified Lists [2 CFR §200.319\(e\)](#):***

#### Requirement:



The LEA must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition.

The LEA must not preclude potential bidders from qualifying during the solicitation period.

#### Implementation:

A vendor database will be maintained by the Purchasing Department. The Purchasing Department will 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 will ensure that the District does not restrict competition among qualified vendors.

The District utilizes vendor qualification criteria in accordance with Texas Education Code 44.031 (b) that includes, but is not limited to, the following:

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

The District will 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.

Vendor selection will include the following criteria:

- Has not been debarred or suspended from contracting under federal grants.
- Status will be reviewed utilizing the SAMS.gov website.

The District will develop written bid/proposal specifications that are provided to every qualified vendor to ensure consistency in the procurement process. At no time will 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 Felony Conviction Notice, etc.
- Bid/Proposal Sheet
- Bid/Proposal evaluation criteria, including the weights, as applicable

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

Once vendors have been awarded, the Purchasing department will compile lists of “approved vendors” by bid/proposal number and commodity.

All vendors will 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:

- EFT Payment Authorization
- Form W-9
- Conflict of Interest Questionnaire
- Felony Conviction Notice
- Criminal Background Check through the Human Resources Department

The Purchasing website is updated continuously as bids receive approval by the Board of Trustees and/or as vendor “good standing” statuses change.

The vendor lists can be obtained from the Purchasing Department intranet website: <http://intranet.northside.isd.tenet.edu/Purchasing/>.

## Procurement Methods [2 CFR §200.320](#)

### Procurement Claw



Procurement Claw adapted from  
OMB's 2 CFR FAQ, May 2021

Green = Informal Procurement  
Yellow = Formal Procurement  
Blue = Noncompetitive Procurement

1. Micro-Purchases	2. Small Purchases	3. Sealed Bids	4. Competitive Proposals	5. Noncompetitive
Up to \$10,000 aggregate for "like-type" items	Not to exceed \$250,000, except where Texas is more restrictive	>\$250,000, except where Texas is more restrictive	>\$250,000, except where Texas is more restrictive	Micro-purchases
Increase up to \$49,999, subject to self-certification and notification to TEA	Not to exceed \$49,999 for Texas LEAs subject to TEC §44.031(a)	Contracts valued at \$50,000 or more for Texas LEAs subject to TEC §44.031(a)	Contracts valued at \$50,000 or more for Texas LEAs subject to TEC §44.031(a)	Item available only from a single source
No quotations; Determine reasonable price	Quotations required	Review types of competitive procurement under TEC §44	Requires written method for conducting technical evaluations of proposals received and selections made	Public exigency or emergency will not permit a delay resulting from publicizing a competitive solicitation
Distribute equitably among qualified suppliers	No cost or price analysis required	Cost or price analysis required for all procurements >\$250,000	Review types of competitive proposals under TEC §44	Approval obtained from TEA in accordance to request submitted by LEA
			Cost or price analysis required for all procurements >\$250,000	After solicitation of a number of sources, competition is determined inadequate

Requirement:

The LEA must have and use documented procurement procedures, consistent with the standards of 2 CFR §§[200.317](#) (last sentence), [200.318](#), [200.319](#), and [200.320](#) for any of the following methods of procurement used for the acquisition of property or services required under a Federal award or sub-award.

The methods of procurement fall under three major categories: Informal Procurement, Formal Procurement, and Noncompetitive Procurement, each with distinctive requirements.

An LEA may design purchasing structures with requirements that are more restrictive than those mandated by the Federal government or the State. However, locally-defined purchasing structures must not be less restrictive.

In Texas, the [FASRG \(Financial Accountability System Resource Guide\)](#), Purchasing Module describes **state** purchasing rules that must be followed, in accordance with the [Texas Education Code \(TEC\) Chapter 44 School District Fiscal Management](#) and other applicable state rules. Refer specifically to TEC §§44.031-44.901 for **state laws on purchasing**.

[TEA's [General and Fiscal Guidelines](#) explain that the FASRG procurement requirements are not applicable to charter schools unless the commissioner approved otherwise in the individual contract for the charter. Generally, [TEC §12.1053](#) provisions do not significantly limit the contracting and purchasing activities of open-enrollment charter schools. Open-enrollment charter schools should consult with their legal team to determine if certain state purchasing rules differ for their charter school, based on their charter. The FASRG Special Supplement for Charter Schools also provides information on purchasing, applicable to charter schools.]

***Informal Procurement Methods (Micro-purchases and Small Purchases) [2 CFR §200.320\(a\)](#):***

Requirement:

When the value of the procurement for property or services under a Federal award **does not exceed the *simplified acquisition threshold (SAT)***, as defined in [2 CFR §200.1](#), **or a lower threshold established by a non-Federal entity**, *formal* procurement methods are not required.

The LEA may use *informal* procurement methods (i.e., micro-purchases and small purchases) to expedite the completion of its transactions and minimize the associated administrative burden and cost.

*Simplified acquisition threshold* means the dollar amount below which a non-Federal entity may purchase property or services using small purchase methods [informal procurement methods].

Non-Federal entities adopt small purchase procedures in order to expedite the purchase of items at or below the simplified acquisition threshold. The simplified acquisition threshold for procurement activities administered under Federal awards is set by the FAR (Federal Acquisitions Regulations) at [48 CFR Part 2, subpart 2.1](#). The non-Federal entity is responsible for determining an appropriate simplified acquisition threshold based on internal controls, an evaluation of risk, and its documented procurement procedures. However, in no circumstances can this threshold exceed the dollar value established in the FAR ([48 CFR part 2, subpart 2.1](#)) for the simplified acquisition threshold. Currently, the simplified acquisition threshold established by the FAR is \$250,000. **Recipients should determine if local government laws on purchasing apply.** [2 CFR §200.1](#)

**Texas state law is more restrictive** than Federal regulations concerning the threshold for informal purchase methods versus formal, competitive procurement for ISDs and **certain** open-enrollment charter schools.

Implementation:

In accordance with [TEC §44.031 Purchasing Contracts](#), all school district contracts for the purchase of goods and services, except contracts for the purchase of produce or vehicle fuel, valued at \$50,000 or more in the aggregate for each 12-month period shall be made by the **competitive** method, of methods listed in the citation, that provides the best value for the district.

Therefore, the Federal simplified acquisition threshold of \$250,000 is not applicable to Texas ISDs and **certain** charter schools when determining the threshold for informal, small purchase procedures.

This LEA limits informal procurements to procurements under \$50,000.

*Micro-purchases* [2 CFR §200.320\(a\)\(1\)](#):

Requirement:

*Micro-purchase* means a purchase of supplies or services, the aggregate amount of which does not exceed the micro-purchase threshold. The *micro-purchase threshold* means the dollar amount at or below which a non-Federal entity may purchase property or services using micro-purchase procedures. Generally, the micro-purchase threshold for procurement activities administered under Federal awards is not to exceed the amount set by the FAR (Federal Acquisitions Regulations) at [48 CFR Part 2, subpart 2.1](#), unless a higher threshold is requested by the LEA and approved by TEA. [2 CFR §200.1](#)

Currently, the micro-purchase threshold established by the FAR is \$10,000.

The LEA is responsible for determining and documenting an appropriate micro-purchase threshold based on internal controls, an evaluation of risk, and its documented procurement procedures. The

micro-purchase threshold used by the LEA must be authorized or not prohibited under State and local laws or regulations. [2 CFR §200.320\(a\)\(1\)\(iii\)](#)

LEAs have the option to increase the micro-purchase threshold up to \$50,000, in accordance with the requirements of [2 CFR §200.320\(a\)\(1\)\(iv\)](#). The LEA may self-certify a threshold up to \$50,000 on an annual basis and must maintain documentation to be made available to the Federal awarding agency and auditors in accordance with [2 CFR §200.334](#).

The self-certification must include a justification, clear identification of the threshold, and supporting documentation of any of the following:

- A qualification as a low-risk auditee, in accordance with the criteria in [2 CFR §200.520](#) for the most recent audit;
- An annual internal institutional risk assessment to identify, mitigate, and manage financial risks.

**Texas state law is more restrictive** than Federal regulations concerning the option to increase the micro-purchase threshold up to \$50,000. Due to TEA's Financial Accounting System Resource Guide ([FASRG](#)) rules, the LEA may only certify a micro-purchase threshold up to \$49,999, since [TEC 44.031\(a\)](#) requires competitive procurement for contracts valued at \$50,000 or more.

*TEA Requirements for Self-Certification Notification:*

If the LEA chooses to utilize the self-certification option to establish a micro-purchase threshold higher than the current standard \$10,000 threshold, the LEA will follow TEA's requirements for the self-certification, as outlined in the TEA [To The Administrator Addressed letter](#) dated April 22, 2021.

- The LEA must develop a written policy justifying and clearly identifying the new threshold.
- For a threshold from \$10,001 to \$25,000, the LEA must notify TEA of the micro-purchase threshold amount at <https://app.smartsheet.com/b/form/e2f879cc182e47a69a39afec56084aa5>
- For a threshold from \$25,001 to \$49,999, the LEA must notify TEA of the micro-purchase amount, using the link above, AND attach the LEA's written policy, AND attach verification of the LEA's risk level identified in the most recent federal audit OR documentation of an internal risk assessment and internal controls for mitigating and managing financial risks

*Requirements Applicable to Micro-purchases:*

Regardless of the threshold chosen for the micro-purchase method, the following applies to micro-purchases, as outlined in [2 CFR §200.320\(a\)\(1\)\(i-ii\)](#):

- Micro-purchases may be awarded without soliciting competitive price or rate quotations if the LEA considers the price to be reasonable based on research, experience, purchase history or other information, and documents its files accordingly.
- Purchase cards can be used for micro-purchases if procedures are documented and approved by the LEA.
- To the maximum extent practicable, the LEA should distribute micro-purchases equitably among qualified suppliers.

*TEA Requirements for the Micro-Purchase Aggregate Spending:*

Regardless of the threshold chosen for the micro-purchase method, the LEA must define “like-type” items for which the aggregate spending applies.

TEA’s [November 29, 2018 To the Administrator Addressed letter](#) outlines the TEA guidance regarding this requirement. The LEA may not define “like-types” as a single purchase order or a single vendor. The cost of items applicable to each “like-types” category is cumulative across the year for all federal awards and cannot exceed the established micro-purchase threshold.

Once the aggregate amount for the year is reached for the specific “like-types” category, the LEA must then follow the appropriate procurement process, such as small purchase procedures or competitive procurement, applicable to the procurement cost.

*Implementation:*

Northside Independent School District chooses to utilize the micro-purchase method of procurement.

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 \$3,000. The District will 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. At this time, Northside ISD is opting out of the option to increase the standard micro-purchase threshold by utilizing the self-certification option.

Northside ISD based the micro-purchase threshold as less than \$3,000 due to:

- the size of our district
- the historical spending by commodity and funding utilized

With the incorporation of new funding due to COVID, the district has opted to reassess within the year and review how the purchasing and type of funding has been impacted. All information will continue to be available in the purchasing manual.

*Small Purchases* [2 CFR §200.320\(a\)\(2\)](#):

Requirement:

Small purchase procedures pertain to the acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold, but does not exceed the simplified acquisition threshold, or the threshold established by state rules or local policy, whichever is lesser.

The LEA is responsible for determining an appropriate simplified acquisition threshold based on internal controls, an evaluation of risk and its documented procedures which must not exceed the simplified acquisition threshold established in the FAR (Federal Acquisitions Regulations) at [48 CFR Part 2, subpart 2.1](#). The current simplified acquisition threshold is \$250,000. When applicable, a lower simplified acquisition threshold used by the LEA must be authorized or not prohibited under State or local laws or regulations.

**Texas state law is more restrictive** than Federal regulations concerning the threshold for informal purchase methods versus formal, competitive procurement for ISDs and **certain** open-enrollment charter schools.

In Texas, state law requires competition for contracts valued at \$50,000 or more in accordance with [TEC §44.031 Purchasing Contracts](#). Therefore, small purchase procedures may only be used for procurements under \$50,000 for ISDs and certain charter schools.

[TEA's [General and Fiscal Guidelines](#) explain that the FASRG procurement requirements are not applicable to charter schools unless the commissioner approved otherwise in the individual contract for the charter. Generally, [TEC §12.1053](#) provisions do not significantly limit the contracting and purchasing activities of open-enrollment charter schools. Open-enrollment charter schools should consult with their legal team to determine if certain state purchasing rules differ for their charter school, based on their charter.]

If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the LEA. [2 CFR §200.320\(a\)\(2\)](#)

Implementation:

The LEA defines small purchases as procurements with a dollar amount less than \$50,000



The procurement by Small Purchase Procedures will be used by the District when the purchase of goods or services is greater than \$3,000 but does not exceed \$50,000 in the aggregate, for a 12-month period. A minimum of three (3) quotes is required.

The Purchasing Department will require written, emailed or faxed quotations.

The District defines “qualified source” as vendors that have been awarded through an existing contract. Awarded contracts include: district-issued contracts, a Cooperative Purchasing Program contract, and Interlocal Agreement with governmental entities. If all options have been exhausted and documented, a non-awarded vendor may be used.

The Director of Purchasing will be responsible for selecting the appropriate procurement method. A quote side-by-side comparison or the three (3) quotes along with the department’s justification will be attached to the corresponding requisition for review and approval by the Purchasing department.

### ***Determination of 12-Month Aggregation***

Requirement:

[TEC §44.031\(a\)](#) stipulates that school district contracts valued at \$50,000 or ***more in the aggregate for each 12-month period*** should be made by competitive procurement, using the best method in the options identified in the statute.

According to the [Purchasing Module](#) of TEA’s FASRG, it is the responsibility of the school district to determine the method or structure of the aggregation process. Tracking of category spending by the purchasing department is vital.

The term “aggregate” as used in the [TEC §44.031\(a\)](#) can be defined as the total sum of demand for desired or “like” goods and services that in normal purchasing practices would be made in one purchase over a 12-month period for all campuses and departments within the school district. The term “aggregate” is not defined within the chapter of the Texas Education Code (TEC). The definition should be based on the resources available to the district, such as the ability to track purchases within the district’s finance system, either by vendor (not suggested) or by a pre-determined set of categories or commodity codes (suggested).

The 12-month period can be calendar year or fiscal year. The district is advised to select the period that best meets its tracking needs.

Implementation:

The Purchasing department will run spend reports based on the commodity to determine when small purchase methods can no longer be used in lieu of a competitive procurement method.

Northside ISD utilizes the fiscal year to determine the 12-month period. Tracking is based on commodity by goods or services; or identifiers the district uses such as “quotes” or “non-bid”.

The Purchasing department is responsible for the monitoring and tracking spend in the locally-defined categories.

Refer to the Micro-purchase section under the Informal Procurements section of this manual for information on aggregate spending for “like-type” items as it pertains to micro-purchases.

***Formal Procurement Methods (Sealed Bids and Proposals) [2 CFR §200.320\(b\)](#):***

Requirement:

When the value of the procurement for property or services under a Federal financial assistance award exceeds the simplified acquisition threshold (SAT), or a lower threshold established by the non-Federal entity, formal procurement methods are required.

In Texas, state law requires competition for contracts valued at \$50,000 or more in accordance with [TEC §44.031 Purchasing Contracts](#). Therefore, the simplified acquisition threshold, currently set at \$250,000, is not applicable for ISDs and certain charter schools.

[TEA’s [General and Fiscal Guidelines](#) explain that the FASRG procurement requirements are not applicable to charter schools unless the commissioner approved otherwise in the individual contract for the charter. Generally, [TEC §12.1053](#) provisions do not significantly limit the contracting and purchasing activities of open-enrollment charter schools. Open-enrollment charter schools should consult with their legal team to determine if certain state purchasing rules differ for their charter school, based on their charter.]

Two types of formal procurement methods are applicable under [2 CFR §200.320\(b\)](#): Sealed bids and Proposals. Formal procurement methods require following documented procedures. Formal procurement methods also require public advertising unless a non-competitive procurement can be used.

***State Rules regarding Competitive Procurements:***

The Texas Education Code, [TEC §44.031](#), lists several methods for competitive procurement. All school district contracts for the purchase of goods and services, except contracts for the purchase of produce or vehicle fuel, valued at \$50,000\* or more in the aggregate for each 12-month period shall be made by the method, of the following methods, that provides the best value for the district:

- Competitive bidding for services other than construction services;
- Competitive sealed proposals for services other than construction services;

- A request for proposals, for services other than construction services;
- An interlocal contract;
- A method provided by [Chapter 2269, Government Code](#), for construction services;
- The reverse auction procedure as defined by [Section 2155.062\(d\), Government Code](#); or
- The formation of a political subdivision corporation under [Section 304.001, Local Government Code](#)

\*Each contract proposed to be made by a school district for the purchase or lease of one or more school buses, including a lease with an option to purchase, must be submitted to competitive bidding when the contract is valued at \$20,000 or more. [TEC §44.031\(l\)](#)

The Texas [FASRG Purchasing Module](#) recommends that the LEA create procedures for the use of Federal funds for professional services that are based on the following best practices:

- Advertise and receive sealed qualifications packages for professional services whenever practical
- Evaluate and rank the respondents based on their demonstrated competence
- Document in writing the “fair and reasonable price” as determined by budget, comparisons to other districts/agencies, prices previously established with same/similar professionals, historical prices, and/or established market rates.

*Federal Regulations Regarding Sealed Bids* [2 CFR §200.320\(b\)\(1\)](#):

*Sealed bids:* A procurement method in which bids are publicly solicited and a firm fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price.

The sealed bids method is the preferred method for procuring construction, if the following conditions apply.

In order for sealed bidding to be feasible, the following conditions should be present:

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

If sealed bids are used, the following requirements apply:

- Bids must be solicited from an adequate number of qualified sources, providing them sufficient response time prior to the date set for opening the bids. Additionally, the bids must be publicly advertised;
- The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
- All bids will be opened publicly at the time and place described in the invitation for bids;
- A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
- Any or all bids may be rejected if there is a sound documented reason

*Texas Requirements for Competitive Bidding* [TEC §44.0351](#)

Except to the extent prohibited by other law and to the extent consistent with this subchapter, a school district may use competitive bidding to select a vendor as authorized by [TEC 44.031\(a\)\(1\)](#).

Except as provided by this subsection, Subchapter B, Chapter 271, Local Government Code, does not apply to a competitive bidding process under this subchapter. [Sections 271.026](#), [271.027\(a\)](#), and [271.0275](#), Local Government Code, apply to a competitive bidding process under this subchapter.

A school district shall award a competitively bid contract at the bid amount to the bidder offering the best value for the district. In determining the best value for the district, the district is not restricted to considering price alone but may consider any other factors stated in the selection criteria. The selection criteria may include the factors listed in [TEC 44.031\(b\)](#).

*Federal Regulations Regarding Proposals* [2 CFR §200.320\(b\)\(2\)](#):

*Proposals:* A procurement method in which either a fixed price or cost-reimbursement type contract is awarded. Proposals are generally used when conditions are not appropriate for the use of sealed bids. Proposals are awarded in accordance with the following requirements:

- Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Proposals must be solicited from an adequate number of qualified offerors. Any response to publicized requests for proposals must be considered to the maximum extent practical;

- The LEA must have a written method for conducting technical evaluations of the proposals received and making selections
  - Please see the Contractor/Vendor Selection section of this manual for the LEA's procedures;
- Contracts must be awarded to the responsible offeror whose proposal is most advantageous to the LEA, with price and other factors considered, and;
- The LEA may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby offerors' qualifications are evaluated and the most qualified offeror is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services through A/E firms that are a potential source to perform the proposed effort.

*Texas Requirements for Competitive Sealed Proposals* [TEC §44.0352](#)

In selecting a vendor through competitive sealed proposals as authorized by [TEC 44.031\(a\)\(2\)](#), a school district shall follow the procedures prescribed by this section.

The district shall prepare a request for competitive sealed proposals that includes information that vendors may require to respond to the request. The district shall state in the request for proposals the selection criteria that will be used in selecting the successful offeror.

The district shall receive, publicly open, and read aloud the names of the offerors and, if any are required to be stated, all prices stated in each proposal. Not later than the 45<sup>th</sup> day after the date on which the proposals are opened, the district shall evaluate and rank each proposal submitted in relation to the published selection criteria.

The district shall select the offeror that offers the best value for the district based on the published selection criteria and on its ranking evaluation. The district shall first attempt to negotiate a contract with the selected offeror. The district may discuss with the selected offeror options for a scope or time modification and any price change associated with the modification. If the district is unable to negotiate a satisfactory contract with the selected offeror, the district shall, formally and in writing, end negotiations with that offeror and proceed to the next offeror in the order of the selection ranking until a contract is reached or all proposals are rejected.

In determining the best value for the district, the district is not restricted to considering price alone but may consider any other factors stated in the selection criteria.

**The LEA must follow the most restrictive of Federal regulations, State law, and local policy.**

Implementation:

Under Texas Education Code 44.031(a), all school district contracts for the purchase of goods and services, except contracts for the purchase of produce or vehicle fuel, valued at \$50,000 or more in the aggregate, for each 12-month period shall be made by the method, of the following methods, that provides the best value for the District:

1. Competitive bidding
2. Competitive sealed proposals
3. A request for proposals
4. An interlocal contract
5. The reverse auction procedure as defined by Section 2155.062 (d), Government Code
6. The formation of a political subdivision corporation under Section 304.001, Local Government Code

Northside ISD follows the FASRG Purchasing Module for competitive procurement procedures.

Northside ISD's 12-month fiscal year begins September 1<sup>st</sup> – August 31<sup>st</sup>.

Northside ISD utilizes the fiscal year to determine the 12-month period. The Purchasing department is responsible for tracking and monitoring expenditures based on commodity by goods or services; or identifiers the district uses such as "quotes" or "non-bid".

Northside ISD has procedures for professional services with Federal funds, as recommended by the FASRG incorporated in the purchasing manual.

The Purchasing Director ensures the required elements of an invitation to bid are included in the bid.

All formal solicitations are published through the local newspaper, once a week for two consecutive weeks. In addition, the solicitations are made available through Northside ISD's e-procurement portal, ESM Solutions.

Northside ISD will provide no less than ten (10) days for bidders to prepare and submit their bids.

The requesting department will determine the lowest responsive and responsible bidder on a fixed price contract. The District will consider discounts, transportation costs and life cycle costs only if these factors were included in the bid specifications. The District will include criteria to the best of its knowledge to support such evaluation factors and utilize the requested information for such goods requests.

Reasons for the disqualification of a bid may include but not limited to:

- Incomplete submission
- Failure to meet the minimum or mandatory requirements

- Unable to provide required goods or services requested

All justification is to be documented by the requesting department during the evaluation of bids and submitted to the Purchasing Director for review.

The Purchasing department is responsible for reviewing proposals to ensure the required elements are included, including description of goods or services being procured and the timeline for the procurement.

All formal solicitations are published through the local newspaper, once a week for two consecutive weeks. In addition, the solicitations are made available through Northside ISD's e-procurement portal, ESM Solutions.

Northside ISD defines "Maximum Extent Practical" for consideration as all vendor responses to solicitations receive the same effort of evaluation in terms of the scope of work, timeline, and evaluation factors published in the solicitation.

#### *Contractor/Vendor Selection*

Requirement:

In accordance with [2 CFR §200.320\(b\)\(2\)\(ii\)](#), the LEA must have a written method for conducting technical evaluations of the proposals received and making selections.

In accordance with [TEC §44.031\(b\)](#), in determining to whom to award a contract, the LEA shall consider:

- The purchase price;
- The reputation of the vendor and of the vendor's goods or services;
- The quality of the vendor's goods or services;
- The extent to which the goods or services meet the LEA's needs;
- The vendor's past relationship with the LEA;
- The impact on the ability of the LEA to comply with laws and rules relating to historically underutilized businesses;
- The total long-term cost to the LEA to acquire the vendor's goods or services;
- For a contract for goods and services, other than goods and services related to telecommunications and information services, building construction and maintenance, or instructional materials, whether the vendor or the vendor's ultimate parent company or majority owner: has its principal place of business in this state; or employs at least 500 persons in this state;
- Any other relevant factor specifically listed in the request for bids or proposals

## Implementation:

The District utilizes vendor qualification criteria in accordance with Texas Education Code 44.031 (b) that includes, but is not limited to, the following:

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

Scoring is done by utilizing a matrix with the published evaluation criteria included in the document. Information relating to each criteria is to be identified and reviewed based on the maximum points allotted.

Once each vendor's proposal is evaluated and scored, the vendors are then ranked based on the total number of points received out of a possible 100 points. The highest ranked vendor will receive the recommendation for award.

The requesting department and its designated stakeholders perform the evaluation.

The Purchasing department reviews the evaluation once the requesting department submits their recommendation for award.

Proposals are to be evaluated solely on the criteria and sub-criteria (if applicable) that is published in the solicitation.

This section will indicate the factors used to evaluate and award the solicitation. Criteria Weights will be assigned in order of importance by the Requesting Department and in accordance with the funding source used. The weights for all the Evaluation Criteria shall equal 100%. An example of the District's standard evaluation criteria (as set forth under TEC 44.031(b) ) is provided below:

- |   |        |
|---|--------|
| 1. Purchase Price .....   | 30 pts |
| 2. Reputation of the Vendor and of the Vendor's Goods or Services ..... | 10 pts |



3. Quality of the Vendor's Goods or Services .....	10 pts
4. Extent to which the Goods or Services Meet the District's Needs.....	25 pts
5. Vendor's Past Relationship with the District .....	5 pts
6. For a contract for goods and services, other than goods and services related to telecommunications and information services, building construction and maintenance, or instructional materials, whether the vendor or the vendor's ultimate parent company or majority owner: (A) has its principal place of business in this state; or, (B) employs at least 500 persons in this state .....	0 pts
7. Impact on the Ability of the District to Comply with Laws and Rules Relating to Historically Underutilized Businesses (HUB).....	6 pts
8. The total long-term cost to the district to acquire the vendor's goods or services .....	5 pts
9. Any other relevant factor specifically listed in the request for bids or proposals.....	9 pts

Please see the Oversight and Quality Control section of this manual for additional information.

***Noncompetitive Procurement*** [2 CFR §200.320\(c\)](#):

Requirement:

There are specific circumstances in which noncompetitive procurement can be used.

Noncompetitive procurement can only be awarded if one or more of the following circumstances apply:

- The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold
  - Micro-purchases qualify as noncompetitive procurement since the micro-purchase method does not require quotes or formal competitive procurement
- The item is available only from a single source
  - Sole-source must be proven and adequately documented to justify the purchase is truly only available from one source
  - An affidavit or sole-source letter from the vendor is not sufficient documentation that the item or service is only available from a single source
- The public exigency or emergency for the requirement will not permit a delay resulting from **publicizing** a competitive solicitation
  - The LEA must demonstrate and document that the need was so immediate that **publicizing** through the competitive solicitation process would hinder the rapid resolution of an immediate concern
- The Federal awarding agency or pass-through entity (TEA) expressly authorizes a noncompetitive procurement in response to a written request from the non-Federal entity
  - If the LEA **chooses** to request authorization from TEA to purchase from a vendor without engaging in full and open competition, the LEA must submit either the “Noncompetitive Procurement (Sole Source)” form or the “Other Noncompetitive

Procurement (Not Sole Source) to TEA for prior approval. The forms are located on TEA's "[Forms for Prior Approval, Disclosure, and Justification](#)" webpage.

- The LEA is not required to request approval from TEA to enter into a noncompetitive procurement. The request for TEA approval is simply one of the circumstances allowable for noncompetitive procurement of federally-funded procurement.
- TEA provides broad, general authorization for goods and services to be purchased by the LEA from an Education Service Center (ESC) as a noncompetitive procurement. The LEA should annually maintain documentation of the prior written approval given to the ESC from TEA, which is typically posted to the ESC website.
- After solicitation of a number of sources, competition is determined inadequate

#### Implementation:

The procurement by Noncompetitive Proposal method will 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 one or more of the following requirements:

- The goods or services are only available from a single source
- The District will acquire and maintain a copy of a vendor's sole source letter which specifies the statutory or other reason for its sole source status. The District's standard sole source letter form is located on the Purchasing Department's intranet site
- A public exigency or emergency will not permit a delay resulting from the competitive solicitation process
- The District's Board of Trustees will declare a public exigency or emergency prior to making such a purchase of goods or services under this method
- The granting agency or pass-through entity authorized the use of a non-competitive proposal method
- The District will 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 will determine that competition is inadequate if after a solicitation of bids and/or proposals, only one vendor is responsive to the solicitations

In addition, products and services purchased through an Education Service Center (ESC) that the District is a member of, may be exempt from competitive procurement requirements under Title 2 of the Code of Federal Regulations (CFR). This allows the Texas Education Agency (TEA) to act as the pass-through entity, and authorize noncompetitive proposals in response to a written request, including contracted services from ESCs to the district. TEA will authorize written requests for the ESC services to be considered noncompetitive procurements for the district.

A letter from TEA expressly authorizing that an ESC is except from competitive procurement requirements is required for every purchase being made. If using federal funds, it is the district's responsibility to verify the ESC has met the EDGAR requirements.

The purchasing department provides review and approval of noncompetitive purchases.

Types of requested documentation include:

- Documentation showing a google search with commodity not found.
- Email documentation reaching out to vendors for requested good or services with “no bid” response.

If unsuccessful, the Purchasing department will submit for TEA approval for federally funded purchases (prior to board submission).

For the five (5) allowable circumstances for noncompetitive procurement, the following documentation is required:

Expertise and/or Standardization	Documentation showing number of years or fully vested implementation district-wide or by location.
Quality	Side-by-side comparison on specifications of good with alternates.
Compatibility With Existing Equipment and/or Warranty	Manufacturer documentation to show warranty specifications
Specifications	Manufacturer documentation to show warranty specifications
Availability	Email documentation of ETA status from vendors.

The Northside ISD's Board of Trustees will declare a public exigency or emergency prior to making such a purchase of goods or services under this method.

In addition, under Texas Education Code 44.031 (h), if school equipment or a part of a school facility or personal property is destroyed, severely damaged, or experiences a major unforeseen operational or structural failure, and the Board of Trustees determines that the delay posed by the contract methods required by this section would prevent or substantially impair the conduct of classes or other essential school activities, then contracts for the replacement or repair of the equipment or portion of the school facility may be made by a method other than the methods required by the Northside Independent School District Purchasing Manual 20 of 34 section. Use of this exception to competitive procurement is only available with prior Board of Trustees approval.

The Purchasing department determines whether a request for TEA approval for a noncompetitive procurement should be initiated once all methods have been exhausted and documented.

Documentation of TEA's pre-approval for goods and services to be purchased by the LEA from the ESC as noncompetitive procurement is maintained by the Purchasing department. The Director of Purchasing is responsible for reaching out to the ESC and obtaining the written approval.

In the event the Purchasing department receives one response to a publicized solicitation, the Purchasing Director will make the determination to re-issue the solicitation to generate competition. If the second attempt is unsuccessful, documentation will be filed for purchase to proceed outside of the established procurement methods.

### Contract Cost and Price [2 CFR §200.324](#)

Requirement:

- The LEA must perform a cost and price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold, including contract modifications. The simplified acquisition threshold for procurement activities administered under Federal awards is set by the FAR (Federal Acquisitions Regulations) at [48 CFR Part 2, subpart 2.1](#). Currently, the simplified acquisition threshold established by the FAR is \$250,000.

The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the LEA must make independent estimates **before** receiving bids or proposals.

- The LEA must negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.
- Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the LEA under the Federal Cost Principles of [2 CFR Part 200, Subpart E](#). The LEA may reference its own cost principles that comply with the Federal Cost Principles.
- The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

## Implementation:

The cost or price analysis is performed during the planning process before receiving competitive bids or proposals.

Generally, a cost analysis is different from a price analysis in that the cost analysis includes analyzing all the various components of the price, which may include labor, materials, profit, and administration. The price analysis, on the other hand, is a review of the total price offered by a vendor and an assessment of whether the price is fair and reasonable.

- Comparing prior bids or prior price quotes
- Comparing published price lists
- Comparing similar items

The analysis may include documented internet searches for such comparisons.

Regardless of the method used, the cost or price analysis must be documented in writing.

Northside ISD's process for conducting a cost or price analysis is provided below. All information is documented and stored in the procurement bid folder at the Purchasing department.

1. **“Price Analysis”.** Price analysis is the process of examining and evaluating a prospective price without evaluating separate cost elements and profit. It includes an evaluation of a vendor's price relative to the prices being offered by other vendors and being paid by the general public for the same or similar items to determine reasonableness.

### *Determining a Price Analysis:*

- More than one (1) response is received under a competitive procurement method.
- Price analysis is not suitable, e.g., for research and development items or for one-of-a-kind items for which there is no basis of comparison.
- It is not necessary that competing products be exactly identical, but the District must be able to compare capabilities and the respective price differences in light of the varying capabilities. The District should be able to make value judgments that a particular product's performance warrants a higher or lower price than a competing product; or
- When a cost analysis is not applicable.

### **Step 2.** Conduct Price Analysis.

1. Compare proposed prices received in response to the solicitation.
2. Compare proposed prices with prices under existing contracts and with prices proposed in the past for the same or similar items/services. Be sure to factor in market changes or other influences.
3. Compare proposed prices with the ICE.

4. Compare competitive price lists, published catalog, or market prices of commodities and products, as well as discount and rebate arrangements.
  5. Prepare a side-by-side comparison of prices received.
2. **“Cost Analysis”.** Cost analysis is the review of the potential vendor’s cost elements to determine their appropriateness and reasonableness; it is the element-by-element examination of the estimated or actual cost of contract performance to determine the probable cost to the vendor.
- Proposed cost data, which should be provided by the vendor, are the means for conducting cost analysis. Such data provide factual information about the costs that the vendor says may be incurred in performing the contract.
  - Cost analysis techniques are used to break down a contractor’s cost or pricing data so as to verify and evaluate each component.
  - Some of the cost elements examined for necessity and reasonableness are:
    - a) Materials Costs
    - b) Labor Costs
    - c) Equipment Costs
    - d) Overhead
    - e) Profit Margin

These costs can be compared with actual costs previously incurred for similar work, the cost or pricing data received from other vendors, and independent cost estimate breakdowns. A cost analysis includes review of:

- a) The need for the categories of personnel proposed.
- b) The reasonableness of personnel work time proposed.
- c) The need for other costs listed.
- d) Whether the rates of pay proposed are “reasonable and necessary” for the specific individual who will perform the work.
- e) Whether the indirect cost is appropriate and whether the base to which rates are applied is appropriate.
- f) Whether other costs listed are “reasonable and necessary”.
- g) Whether costs submitted are allowable according to the appropriate cost principles.
- h) Comparison of estimated costs with prior actual costs.

*Determining a Cost Analysis:*

- When the vendor is required to submit the elements of its estimated cost (e.g., under professional, consulting, and architectural engineering services contracts); or when adequate price competition is lacking and for sole source procurements, including contract modifications or change orders.

### **Step 3. Cost Analysis**

1. Verify the accuracy of the cost and pricing information submitted.
2. Evaluate the fairness and reasonableness of the proposed costs using the following criteria:
  - a. Allowable – The costs must be permissible under the requirements of the federal funding.
  - b) Allocable – The costs must be logically related to, or required, in the performance of the District’s work. Many costs may be allowable but not related to the work required under the proposed contract.
  - c) Reasonable – The cost amount is what a prudent business would pay in a competitive marketplace for the value received.
3. Where necessary, technical personnel should review the proposed direct cost elements to determine their necessity to perform the contract.
4. Determine the effect of the vendor’s current practices on future costs. Does the vendor have a track record of completing contract at or under cost or over cost?
5. Compare vendor costs with:
  - a. Actual costs previously incurred by the same vendor or contractor for the same or similar work. Apply appropriate market factors.
  - b. Actual costs of previous similar work performed by other vendors or contractors.
  - c. Previous cost estimates by the vendor or competing vendors.
  - d. The Independent Cost Estimate.
6. Negotiate the vendor’s profit margin as a separate element of the price for a contract.

### **Additional Procurement Considerations**

***Contracting with Small and Minority Businesses, Women’s Business Enterprises, and Labor Surplus Area Firms [2 CFR §200.321](#)***

Requirement:

The LEA must take all necessary affirmative steps to assure that minority businesses, women’s business enterprises, and labor surplus area firms are used when possible. Affirmative steps must include:

- Placing qualified small and minority businesses and women’s business enterprises on solicitation lists;

- Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
- Dividing total requirements, where economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
- Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;
- Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
- Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed above

#### Implementation:

In accordance with 2 CFR 200.321, the Purchasing Department will use its best efforts to encourage Historically Underutilized Businesses (HUBs) to participate in current and future formal solicitations of all goods and services by providing reasonable opportunity for the participation of small, women, and minority business enterprises in the procurement process through its Small, Women, and Minority Business Enterprises Program. The program is not limited to small, women, and minority business enterprises, but may include veteran, disabled, and other socially or economically disadvantaged businesses, all hereinafter collectively referred to as "SWMBEs" or "SWMBE".

#### 1. **Definitions.**

- a. *"Small Business"* is defined as a business entity which is independently owned and operated, and which is not dominant in its field of operation. The business employs less than 50 employees and/or less than \$3 million in annual business volume from this local operation.
- b. *"Minority Business"* is a business entity which is at least 51% owned by one or more minority individual(s) or, in the case of any publicly owned business, at least 51% of the stock is owned by one or more of the minority individual(s) and whose management and daily business operations are controlled by one or more of the minority individual(s) who own it. Minority individuals means residents of the United States who are members of one of the following groups:
  1. African Americans;
  2. Hispanics;
  3. American Indians;
  4. Asian Americans;
  5. Alaska Natives;
  6. Pacific Islanders; and



7. Other individuals found to be economically and socially disadvantaged by the Small Business Administration under section 8(a) of the Small Business Act.
- c. *"Woman Business Enterprise"* means a business entity which follows the same guidelines as a Minority Business Enterprise but which is owned by a woman.
2. **Goal.** The goal of this program is to increase participation by certified and qualified SWMBEs in the District's competitive procurement of goods and services.
3. **Certification.** Only certified SWMBEs participating in the District's competitive procurement of goods and services may be counted. Qualified SWMBEs may be identified through certification agencies such as the entities provided below. Copies of certification with expiration dates are required at time of quote/proposal submission.
  - a. South Central Texas Regional Certification Agency;
  - b. National Minority Supplier Development Council;
  - c. U.S. Small Business Administration;
  - d. Women's Business Enterprise National Council;
  - e. National Women Business Owners Corporation; or
  - f. Other organizations as determined by the Superintendent.

***Domestic Preferences for Procurements*** [2 CFR §200.322](#)

**Requirement:**

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

*Produced in the United States* means, for iron and steel products, that all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States.

*Manufactured products* means items and construction materials composed in whole or in part of non-ferrous metals such as aluminum; plastics and polymer-based products such as polyvinyl chloride pipe; aggregates such as concrete; glass, including optical fiber; and lumber.

**Implementation:**

Domestic Preferences is listed under the District's EDGAR Certification form as a self-certifying item in all solicitations issued. If the procurement was done as a small purchase, the Purchasing

department will verify the vendor acknowledged the item through either a Purchase Cooperative or Interlocal agreement.

***Procurement of Recovered Materials*** [2 CFR §200.323](#)

Requirement:

A non-Federal entity that is a state agency or agency of a political subdivision of a state and its contractors must comply with section 6002 of the [Solid Waste Disposal Act](#), as amended by the [Resource Conservation and Recovery Act](#). The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at [40 CFR part 247](#) that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

Implementation:

Procurement of Recovered Materials is listed under the District's EDGAR Certification form as a self-certifying item in all solicitations issued. If the procurement was done as a small purchase, the Purchasing department will verify the vendor acknowledged the item through either a Purchase Cooperative or Interlocal agreement.

***Bonding Requirements*** [2 CFR §200.326](#)

Requirement:

For construction or facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold (currently set at \$250,000 by the FAR (Federal Acquisitions Regulations) at [48 CFR Part 2, subpart 2.1](#)), the Federal awarding agency or pass-through entity may accept the bonding policy and requirements of the non-Federal entity provided that the Federal awarding agency or pass-through entity has made a determination that the Federal interest is adequately protected.

If such a determination has not been made, the minimum requirements must be as follows:

- A bid guarantee from each bidder equivalent to five percent of the bid price. The "bid guarantee" must consist of a firm commitment such as a bid bond, certified check, or other

negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.

- A performance bond on the part of the contractor for 100 percent of the contract price. A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor’s requirements under such contract.
- A payment bond on the part of the contractor for 100 percent of the contracted price. A “payment bond” is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

[Texas Government Code 2253.021](#) requires a performance bond for contracts in excess of \$100,000, and a payment bond if the contract is in excess of \$25,000.

**The LEA must follow the most restrictive of Federal regulations, State law, and local policy.**

Therefore, the LEA will follow the contract threshold requirements for performance and payment bonds required by the State.

Additional bonding requirements in [Texas Government Code 2253.021 and 2253.022](#) will be followed by the LEA.

Implementation:

All federal public work purchases that exceed the \$250,000 threshold will comply with federal bonding requirements, as necessary, such as:

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

The Director of Purchasing will be responsible to ensure that all purchases above this threshold are guaranteed with the appropriate bid guarantee, performance bond and payment bond if necessary. All contracts for services and/or goods purchased with federal grant funds will be subjected to the same review and approval process as all other District contracts.

### ***Multi-year Contracts: TEA Guidance***

Requirement:

In accordance with guidance in TEA’s [FAQ – ESSER I, ESSER II, ESSER III](#) document, F-Q13, although multi-year contracts may be signed, under Federal regulations, the LEA may only for services as received.

*Multi-Year Subscriptions:*

In accordance with TEA's [EDGAR FAQ](#) document, Q 7.9-7.10, multi-year subscriptions are generally treated as a contract. The subgrantee may enter into multi-year contracts if it is permissible with the vendor and the subgrantee follows TEA's [Guidance and Best Practice: Professional Services Contracts](#) recommendations. As with any multi-year contract, the subgrantee may only pay for one year of service per grant year, since the LEA cannot pay for benefits not yet received.

As long as the subgrantee receives the full benefit of the subscription (full access to the service) at the beginning of the grant year, the contract for that grant year may be paid at the beginning of the period of availability. If the subscription contains items that are not all available at the beginning of the service, such as completing one level of the software before the next level is available, then the LEA may only pay for the service that has been invoiced and received during the period of the invoice. In this example, the LEA could not pay for the entire year of the subscription at the beginning of the grant year because the LEA has not received the full benefit (full access).

#### Implementation:

The District will ensure that all grant funds are consistently monitored throughout the grant period. The monitoring will 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 Program Manager for each grant will be primarily responsible for all aspects of program implementation to include programmatic, fiscal and evaluation. The Special Revenue Department will review expenditures for accuracy before submitting for a final draw and, if needed, recommend changes in coding and/or funding source. – page 24 of Grants Manual

#### Contract Prohibitions

##### ***Suspension and Debarment*** [2 CFR §200.214](#)

#### Requirement:

Non-Federal entities are subject to the non-procurement debarment and suspension regulations implementing [Executive Orders 12549](#) and [12689](#), [2 CFR Part 180](#). The regulations in [2 CFR Part](#)

[180](#) restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

In accordance with [2 CFR §180.300](#), the LEA must verify that the vendor/contractor/business is not excluded or disqualified. This is done by:

- Checking SAM.gov Exclusions; or
- Collecting a certification from the vendor/contractor/business; or
- Adding a clause or condition to the covered transaction

Implementation:

The LEA awards contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

The LEA will not subcontract with or award subgrants to any person or company that is debarred, suspended, or otherwise excluded from doing business with the Federal government.

To ensure compliance, regardless of the dollar amount of the potential procurement, the LEA will search the [SAM.gov](#) website on the day the contract is to be signed to ensure the potential vendor or contractor does not have an active exclusion. The LEA will print the results of the search and keep with the procurement documentation.

Debarment and Suspension status is listed under the District's EDGAR Certification form as a self-certifying item in all solicitations issued and reviewed annually. If the procurement was done as a small purchase, the Purchasing department will verify the vendor acknowledged the item through either a Purchase Cooperative or Interlocal agreement.

The Purchasing Department will complete the verification process for each vendor.

Results will be stored within the corresponding bid folder if the formal procurement was done by Northside ISD. All other procurement methods would require the performance search to be attached to the requisition for review and approval.

Please see the Contract Provisions section of this manual for additional information.

### ***Never Contract with the Enemy*** [2 CFR §200.215](#)

Requirement:

Federal awarding agencies and recipients are subject to the regulations implementing Never Contract with the Enemy in [2 CFR Part 183](#). These regulations affect covered contracts, grants, and cooperative agreements that are expected to exceed \$50,000 within the period of performance, are performed outside the United States and its territories, and are in support of a contingency operation in which members of the Armed Forces are actively engaged in hostilities.

Implementation:

The LEA exercises due diligence based on information available to them to ensure none of the funds received under a Federal award are provided directly or indirectly (including through contracts) to a person or entity who is actively opposing the United States or coalition forces as stated in the regulation above.

The LEA ensures compliance with this requirement by conducting a search of the excluded parties list in SAM ([www.SAM.gov](http://www.SAM.gov)) Exclusions.

Please see the Suspension and Debarment section of this manual for the LEA's procedures regarding the SAM Exclusions search.

***State Prohibition on Contracts with Certain Companies: Iran, Sudan, or a Foreign Terrorist Organization***

Requirement:

In accordance with [Government Code 2252, Subchapter F](#), the LEA may not enter into a governmental contract with a company that is identified on a list prepared and maintained under Section 806.051 [[Renumbered eff. 5/23/2017](#); [Section 808.051](#), 807.051 [[Tex. Govt Code §807.051 was repealed eff. 5/23/2017](#)], or [2252.153](#).

Definitions according to [Government Code 2252.151](#):

“Foreign terrorist organization” means an organization designated as a foreign terrorist organization by the United States secretary of state as authorized by [8 U.S.C. Section 1189](#).

“Governmental contract” means a contract awarded by a governmental entity for general construction, an improvement, a service, or a public works project or for a purchase of supplies, materials, or equipment. The term includes a contract to obtain a professional or consulting service subject to [Chapter 2254](#).

Implementation:

Prior to award, the LEA checks the [Divestment Lists](#) maintained by the Texas Safekeeping Trust Company and posted to the [www.Comptroller.Texas.Gov](http://www.Comptroller.Texas.Gov) webpage. If the business is in violation, the LEA does not award a contract to that vendor.

State Prohibition on Contracts with Certain Companies: Iran, Sudan, or a Foreign Terrorist Organization status is listed under the District's EDGAR Certification form as a self-certifying item in all solicitations issued. If the procurement was done as a small purchase, the Purchasing department will verify the vendor acknowledged the item through either a Purchase Cooperative or Interlocal agreement.

### ***State Prohibition on Contracts with Companies Boycotting Israel***

#### **Requirement:**

In accordance with [Government Code 2271](#), if a contract is (1) between a governmental entity and a company with 10 or more full-time employees and (2) have a value of \$100,000 or more that is to be paid wholly or partly from public funds of the governmental entity, then the governmental entity may not contract with a company for goods or services unless the contract contains a written verification from the company that it (1) does not boycott Israel; and (2) will not boycott Israel during the term of the contract.

Definitions according to [Government Code 808.001](#):

“*Boycott Israel*” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

“*Company*” means a for-profit sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations that exists to make a profit.

#### **Implementation:**

State Prohibition on Contracts with Companies Boycotting Israel status is listed under the District's EDGAR Certification form as a self-certifying item in all solicitations issued. If the procurement was done as a small purchase, the Purchasing department will verify the vendor acknowledged the item through either a Purchase Cooperative or Interlocal agreement.

Prior to award, the LEA checks the [Divestment Lists](#) maintained by the Texas Safekeeping Trust Company and posted to the [www.Comptroller.Texas.Gov](http://www.Comptroller.Texas.Gov) webpage to determine if the potential awardee is on the list of companies that boycott Israel. If the potential awardee is on the list, the LEA does not award a contract to that vendor.

Additionally, the LEA includes in the contract the written verification described in [Government Code 2271](#), as applicable.

State Prohibition on Contracts with Companies Boycotting Israel status is listed under the District's EDGAR Certification form as a self-certifying item in all solicitations issued. If the procurement was done as a small purchase, the Purchasing department will verify the vendor acknowledged the item through either a Purchase Cooperative or Interlocal agreement and/or complete the vendor search through the Texas Comptroller website.

***Prohibition on Certain Telecommunications and Video Surveillance Services or Equipment [2 CFR §200.216](#)***

Requirement:

Recipients and subrecipients are **prohibited** from obligating or expending loan or grant funds to:

- Procure or obtain;
- Extend or renew a contract to procure or obtain; or
- Enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. As described in [Public Law 115-232, section 889](#), covered telecommunications equipment is telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).
  - For the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities).
  - Telecommunications or video surveillance services provided by such entities or using such equipment.
  - Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a



covered foreign country. [In OMB's [2 CFR Frequently Asked Questions](#), published May 03, 2021, Q-48 explains the covered foreign country is The People's Republic of China.]

In implementing the prohibition under [Public Law 115-232, section 889, subsection \(f\), paragraph \(1\)](#), heads of executive agencies administering loan, grant, or subsidy programs shall prioritize available funding and technical support to assist affected businesses, institutions and organizations as is reasonably necessary for those affected entities to transition from covered communications equipment and services, to procure replacement equipment and services, and to ensure that communications service to users and customers is sustained.

In accordance with [OMB's 2 CFR FAQ May 2021](#) document, as with other unallowable costs, covered (prohibited) telecommunications and video surveillance services or equipment costs must not be charged either directly or indirectly to Federal awards.

Implementation:

The Prohibition on Certain Telecommunications and Video Surveillance Services or Equipment status is listed under the District's EDGAR Certification form as a self-certifying item in all solicitations issued. If the procurement was done as a small purchase, the Purchasing department will verify the vendor acknowledged the item through either a Purchase Cooperative or Interlocal agreement.

The LEA ensures compliance with this requirement by conducting a search of the excluded parties list in SAM ([www.SAM.gov](http://www.SAM.gov)) Exclusions.

Please see the Suspension and Debarment section of this manual for the LEA's procedures regarding the SAM Exclusions search.

The Suspension and Debarment status is listed under the District's EDGAR Certification form as a self-certifying item in all solicitations issued. If the procurement was done as a small purchase, the Purchasing department will verify the vendor acknowledged the item through either a Purchase Cooperative or Interlocal agreement.

### ***State Enforcement of Purchase Procedures***

Requirement:

The Texas Education Code, [TEC §44.032](#), states that an officer, employee, or agent of a school district commits an offense if the person with criminal negligence makes or authorizes separate, sequential, or component purchases to avoid the requirements of [TEC §44.031](#)(a) or (b).

*Component purchases* means purchases of the component parts of an item that in normal purchasing practices would be purchased in one purchase.

*Separate purchases* means purchases, made separately, of items that in normal purchasing practices would be purchased in one purchase.

*Sequential purchases* means purchases, made over a period of time, of items that in normal purchasing practices would be purchased in one purchase.

#### Implementation:

The Purchasing department reviews every requisition that is entered into the District's ERP system for processing. Purchasing Technicians are trained to review each requisition for activity that may resemble component, separate, or sequential purchases within their assigned campuses/departments. In the event such a pattern is identified, the Technician will notify the Director of Purchasing to review. At that time, reporting is generated to capture the accumulated purchases based on department/campus location.

Please see the Determination of 12-Month Aggregation section of this manual for information regarding aggregated procurement expenditures.

## Purchasing Cooperatives and Interlocal Agreements

#### Requirement:

Grantees are encouraged to employ cooperative purchasing procedures when possible to achieve greater economy or efficiency when procuring common or shared goods or services. [2 CFR §200.318\(e\)](#)

In accordance with [Texas Local Government Code §271.102](#), a local government (which includes a school district) may participate in a cooperative purchasing program with another local government of this state or another state or with a legal cooperative organization of this state or another state.

In accordance with [Texas Government Code §791](#), to increase efficiency and effectiveness, local governments are authorized to contract, with the greatest possible extend, with one another and with agencies of the state.

In accordance with [TEC §44.0331](#), an LEA that enters into a purchasing contract valued at \$25,000 or more under certain cooperative purchasing contracts must document any contract-related fee,

including management fee, and the purpose of each fee under the contract. The amount, purpose, and disposition of any fee must be presented in a written report annually as an agenda item in an open meeting of the board of trustees of the school district.

For purchases with Federal funds, the LEA must ensure the purchasing cooperative is compliant with EDGAR procurement regulations and standards and in particular with the cost or price analysis requirement for procurements that exceed the simplified acquisition threshold, currently set at \$250,000 by the FAR (Federal Acquisitions Regulations) at [48 CFR Part 2, subpart 2.1](#).

#### Implementation:

The LEA will follow the state regulations in the Texas Government Code and Texas Local Government Code notated above.

Under the District's CH (LEGAL) policy, Contract-Related Fee, a school district that enters into a purchasing contract valued at \$25,000 or more under Education Code 44.031(a)(5) (interlocal contract), under Local Government Code Chapter 271, Subchapter F (cooperative purchasing program), or under any other cooperative purchasing program authorized for school districts by law shall document any contract-related fee, including any management fee, and the purpose of each fee under the contract.

The amount, purpose, and disposition of any fee described above must be presented in a written report and submitted annually in an open meeting of the board. The written report must appear as an agenda item. The commissioner of education may audit the written report.

The Purchasing department researches the referenced cooperative contract and verifies the EDGAR certifications were acknowledged by the vendor. A copy will be downloaded for the file. In addition, the Purchasing department will verify with the cooperative's purchasing department that it followed the EDGAR rules.

If the purchasing cooperative does not meet all EDGAR procurement requirements applicable to the type of purchase, the LEA will perform the necessary action to ensure all compliance requirements are met. For example, if the procurement exceeds \$250,000 and the purchasing cooperative did not perform a cost or price analysis in compliance with [2 CFR §200.324](#), the LEA will perform a cost or price analysis prior to the purchase.

When utilizing purchasing cooperatives and Interlocal agreements, the Purchasing department will request copies of the following documents:

- Board date
- Contract start/end date
- Renewal options (if applicable)

- Copy of the vendor proposal
- EDGAR Certification

If a cost or price analysis has not been performed, the Purchasing department will require two (2) additional quotes to complete the price analysis. If the requesting department is unable to obtain the additional quotes, a cost analysis will be performed.

Common or shared goods or services are identified by the commodity code. The Purchasing department is responsible for implementation and oversight.

The Purchasing department determines if the purchasing cooperative is compliant with State and Federal procurement standards, depending on the type of procurement method used.

All documentation is attached to the corresponding requisition as supporting documentation for the purchase.

## Construction

### Requirement:

Although typically unallowable with Federal education awards, some Federal programs allow construction. General procurement requirements are outlined in [2 CFR §§200.318-200.327](#).

Construction with Federal funds require prior written approval from TEA. For some Federal grants, this requirement for prior written approval also pertains to remodeling and renovations. The terms and conditions of the grant and program guidelines will provide information on the types of procurements that require prior written approval.

[34 CFR §76.600](#) stipulates that an LEA that requests program funds for construction, or whose grant or subgrant includes funds for construction, shall comply with the rules on construction that apply to applicants and grantees under [34 CFR §§75.600-75.617](#), as outlined below.

### ***Assessment of Environmental Impact*** [34 CFR §75.601](#)

An applicant shall include with its application its assessment of the impact of the proposed construction on the quality of the environment in accordance with [section 102\(2\)\(C\) of the National Environmental Policy Act of 1969](#) and [Executive Order 11514](#) (34 FR 4247).

### ***Preservation of Historic Sites*** [34 CFR §75.602](#)

An applicant shall describe in its application the relationship of the proposed construction to and probable effect on any district, site, building, structure, or object that is:

- Included in the [National Register of Historic Places](#); or
- Eligible under criteria established by the Secretary of Interior for inclusion in the National Register of Historic Places (Reference [36 CFR §60.4](#) for these criteria)

***Grantee's Title to Site*** [34 CFR §75.603](#)

A grantee must have or obtain a full title or other interest in the site, including right of access, that is sufficient to insure the grantee's undisturbed use and possession of the facilities for 50 years or the useful life of the facilities, whichever is longer.

***Availability of Cost-Sharing Funds*** [34 CFR §75.604](#)

A grantee shall ensure that sufficient funds are available to meet any non-Federal share of the cost of constructing the facility.

***Beginning the Construction*** [34 CFR §75.605](#)

A grantee shall begin work on construction within a reasonable time after the grant for the construction is made. Before construction is advertised or placed on the market for bidding, the grantee shall get approval by the Secretary of the final working drawings and specifications.

***Completing the Construction*** [34 CFR §75.606](#)

A grantee shall complete its construction within a reasonable time. The grantee shall complete the construction in accordance with the application and approved drawings and specifications.

***General Considerations in Designing Facilities and Carrying out Construction*** [34 CFR §75.607](#)

A grantee shall insure that the construction is functional, economical, and not elaborate in design or extravagant in the use of materials, compared with facilities of a similar type constructed in the State or other applicable geographic area.

The grantee shall, in developing plans for the facilities, consider excellence of architecture and design and inclusion of works of art. The grantee may not spend more than one percent of the cost of the project on inclusion of works of art.

***Areas in the Facilities for Cultural Activities*** [34 CFR §75.608](#)

A grantee may make reasonable provision, consistent with the other uses to be made of the facilities, for areas in the facilities that are adaptable for artistic and other cultural activities.

***Comply with Safety and Health Standards*** [34 CFR §75.609](#)

In planning for and designing facilities, a grantee shall observe:

- The standards under the [Occupational Safety and Health Act of 1970](#) (Pub. L. 91-576 (See 36 CFR part 1910); and
- State and local codes, to the extent that they are more stringent

***Access by the Handicapped*** [34 CFR §75.610](#)

A grantee shall comply with the Federal regulations on access by the handicapped that apply to construction and alteration of facilities. These regulations are:

- For residential facilities: [24 CFR part 40](#); and
- For non-residential facilities: [41 CFR subpart 101-19.6](#) [Refer to [41 CFR §102-76.65](#)]

***Avoidance of Flood Hazards*** [34 CFR §75.611](#)

In planning the construction, a grantee shall, in accordance with the provisions of [Executive Order 11988 of February 10, 1978](#) (43 FR 6030) and rules and regulations that may be issued by the Secretary to carry out these provisions:

- Evaluate flood hazards in connection with the construction; and
- As far as practicable, avoid uneconomic, hazardous, or unnecessary use of flood plains in connection with the construction.

***Supervision and Inspection by the Grantee*** [34 CFR §75.612](#)

A grantee shall maintain competent architectural engineering supervision and inspection at the construction site to insure that the work conforms to the approved drawings and specifications.

***Relocation Assistance by the Grantee*** [34 CFR §75.613](#)

A grantee is subject to the regulations on relocation assistance and real property acquisition in [34 CFR part 15](#)

***Grantee Must Have Operational Funds*** [34 CFR §75.614](#)

A grantee shall insure that, when construction is completed, sufficient funds will be available for effective operation and maintenance of the facilities.

***Operation and Maintenance by the Grantee*** [34 CFR §75.615](#)

A grantee shall operate and maintain the facilities in accordance with applicable Federal, State, and local requirements.

***Energy Conservation*** [34 CFR §75.616](#)

To the extent feasible, a grantee shall design and construct facilities to maximize the efficient use of energy.

The following standards of the American Society of Heating, Refrigerating, and Air Conditioning Engineers ([ASHRAE](#)) are incorporated by reference in this section:

- ASHRAE-90 A-1980 (Sections 1-9)
- ASHRAE-90 B-1975 (Sections 10-11)
- ASHRAE-90 C-1977 (Section 12)

A grantee shall comply with ASHRAE standards listed above in designing and constructing facilities built with project funds.

***Compliance with the Coastal Barrier Resources Act [34 CFR §75.617](#)***

A recipient may not use, within the [Coastal Barrier Resources System](#), funds made available under a program administered by the Secretary for any purpose prohibited by [31 U.S.C. chapter 55 \(sections 3501-3510\)](#).

***State Rules Regarding Construction Services and Maintenance Services***

Requirement:

According to TEA's Purchasing Module of the Financial Accountability System Resource Guide ([FASRG](#)), construction services must be procured using one of the methods set out in the [Texas Government Code, Chapter 2269](#).

These services include both traditional construction and contracts to alter or repair a building.

Contracts for construction services are subject to state laws. Please see the Contract Provisions section of this manual for information.

Maintenance services are defined as ordinary upkeep or repairs necessary to preserve something in good condition. Maintenance services can also be to "keep up, keep from change; preserve" a building and its components, including "ordinary repairs necessary and proper from time to time for that purpose. Maintenance services may be procured using one of the methods set forth in [TEC §44.031\(a\)](#), or through the Job Ordering Contracting (JOC) method set forth in the [Texas Government Code, Chapter 2269](#). JOC is a procurement method used for maintenance, repair, alteration, renovation, remediation, or minor construction of a facility when the work is of a recurring nature by the delivery times, and type and quantities of work required are indefinite. If a specific project utilizing the JOC method is \$500,000 or greater, it must be approved by the district's board. The district should establish the maximum aggregate contract price when it advertises the proposal.

Implementation:

The same District procurement requirements would apply for construction related services.

Grants & Recognitions Department and Special Revenue Department determines whether construction is allowable with the specific grant.

Grants & Recognitions Department and Special Revenue Department would determine whether minor remodeling and renovation projects are allowable with the specific grant and whether prior written approval is required

Grants & Recognitions Department and Special Revenue Department would seek written approval by TEA for construction and for remodeling/renovation in the event it is required.

Grants & Recognitions Department and Special Revenue Department would monitor for completion of the project within the grant period.

## Contract Provisions

Requirements:

### ***Federal Requirements for Contracts***

In accordance with [2 CFR §200.327](#), the LEA's contracts must contain the applicable provisions described in [Appendix II](#) in CFR Part 200.

- Contracts for more than the simplified acquisition threshold, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by [41 U.S.C. 1908](#), must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate. The current simplified acquisition threshold is \$250,000.
- All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity, including the manner by which it will be effected [executed] and the basis for settlement.
- Equal Employment Opportunity. Except as otherwise provided under [41 CFR Part 60](#), all contracts that meet the definition of "federally assisted construction contract" in [41 CFR Part 60-1.3](#) must include the equal opportunity clause provided under [41 CFR §60.1-4\(b\)](#), in accordance with [Executive Order 11246](#), "Equal Employment Opportunity" ([30 FR 12319](#), 12935, 3 CFR Part, 1964-1965 Comp., p.339), as amended by [Executive Order 11375](#), "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and implementing regulations at [41 CFR part 60](#), "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."
- Davis-Bacon Act, as amended ([40 U.S.C. 3141-3148](#)). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal



entities must include a provision for compliance with the Davis-Bacon Act ([40 U.S.C. 3141-3144, and 3146-3148](#)) as supplemented by Department of Labor regulations ([29 CFR Part 5, “Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction”](#)). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland “Anti-Kickback” Act ([40 U.S.C. 3145](#)), as supplemented by Department of Labor regulations ([29 CFR Part 3, “Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States”](#)). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.

- Contract Work Hours and Safety Standards Act ([40 U.S.C. 3701-3708](#)). Where applicable, all contracts awarded by the non-Federal entity in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with [40 U.S.C. 3702 and 3704](#), as supplemented by Department of Labor regulations ([29 CFR Part 5](#)). Under [40 U.S.C. 3702](#) of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of [40 U.S.C. 3704](#) are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.
- Rights to Inventions Made Under a Contract or Agreement. If the Federal award meets the definition of “funding agreement” under [37 CFR §401.2 \(a\)](#) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that “funding agreement,” the recipient or subrecipient must comply with the requirements of [37 CFR Part 401, “Rights to Inventions Made by Nonprofit Organizations](#)

[and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements](#),” and any implementing regulations issued by the awarding agency.

- Clean Air Act ([42 U.S.C. 7401-7671q](#).) and the Federal Water Pollution Control Act ([33 U.S.C. 1251-1387](#)), as amended—Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act ([42 U.S.C. 7401-7671q](#)) and the Federal Water Pollution Control Act as amended ([33 U.S.C. 1251-1387](#)). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).
- Debarment and Suspension ([Executive Orders 12549](#) and [12689](#))—A contract award (see [2 CFR 180.220](#)) must not be made to parties listed on the governmentwide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at [2 CFR 180](#) that implement [Executive Orders 12549](#) (3 CFR part 1986 Comp., p. 189) and [12689](#) (3 CFR part 1989 Comp., p. 235), “Debarment and Suspension.” SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than [Executive Order 12549](#).
- Byrd Anti-Lobbying Amendment ([31 U.S.C. 1352](#)) Contractors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by [31 U.S.C. 1352](#). Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.
- See [2 CFR §200.323](#) Procurement of recovered materials
- See [2 CFR §200.216](#) Prohibition on certain telecommunications and video surveillance services or equipment
- See [2 CFR §200.322](#) Domestic preferences for procurements. According to TEA’s [FAQ – ESSER I, ESSER II, ESSER III document](#), GR-Q10, the LEA must include this domestic preference in all subawards, contracts, and purchase orders.

***State Required and Suggested Contract Provisions: [FASRG Purchasing Module](#)***

Texas law mandates that certain contract provisions be included in some, if not all, vendor contracts. Additional provisions that are in the best interest of the LEA should be included as well.

An LEA should review all solicitations to ensure that its best interest is covered within all provisions.

Verbal agreements are not binding. If a particular requirement is necessary for the delivery of goods or performance of a service, the LEA should include the requirements as part of the written agreement. Note that all agreed to provisions are enforceable in a court of law or binding in arbitration as a waiver of immunity. Something as simple as an email between both parties can be binding.

The LEA should consult with legal counsel all provisions before they become formal through an executed agreement.

Refer to the following for additional information and requirements:

- [TEC §44.034](#)
- [Texas Government Code §808.001\(2\)](#)
- [Texas Government Code §2270.002](#)
- [Texas Business and Commerce Code, Chapter 322](#)
- [Texas Government Code §§2252.152-2252.154](#)
- [FASRG Purchasing Module, sections 3.26 through 3.28](#)

Please see Contract Prohibitions section of this manual for additional provisions to include in contracts.

### ***State Guidance and Best Practices for Professional Services Contracts***

The Texas Education Agency requires all professional services contracts be effective only during the period of availability of the funds identified in the Notice of Grant Award (NOGA). However, subgrantees may negotiate contracts prior to the effective date of the contract.

This guidance is provided solely to assist the subgrantee in identifying key issues to consider regarding allowable uses of funds as it relates to professional services contracts. This guidance does not replay the advice of a subgrantee's legal counsel. Implementing best practices outlined below will assist grantees in avoiding potential audit/monitoring findings. For specific clarifications, subgrantees should contact their legal counsel.

- A letter of intent to contract with a third party may be signed prior to the issuance of a NOGA
  - The letter of intent should contain a provision that the future contract is contingent upon receipt of the specific NOGA
  - Execute the contract after the NOGA is issued
- When negotiating to sign a contract before the receipt of the NOGA, the contract should contain the following provisions:

- The contract is only effective upon receipt by the subgrantee 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 part 200 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

### ***State Requirements for Contracts for Construction Services***

Contracts for construction services are subject to laws applicable to public works, including but not limited to:

- Prevailing wages ([Texas Government Code, Chapter 2258](#));
- Payment and performance bonds ([Texas Government Code, Chapter 2253](#));
- Mandatory workers' compensation coverage for laborers ([Texas Labor Code, §406.096](#)); and
- Requirements related to the use of licensed architects and engineers (e.g., [Texas Occupations Code, §§1001.407, 1001.053, and 1051.703](#))

Implementation:

The District follows the contract requirements provided in:

- The Purchasing Manual

- CH (Legal) and (Local)
- CV(Legal) and (Local)

The legal requirements followed are:

- a. The school district must employ an architect to prepare plans and specifications for:
  1. New construction where costs exceed \$100,000.
  2. Building renovations where costs exceed \$50,000 (Occupations Code, Title 6, Chapter 1051)
- b. The school district must employ a registered engineer:
  1. To prepare structural, electrical, and mechanical engineering plans for construction projects with an estimated cost exceeding \$8,000.
  2. To supervise construction not involving structural, electrical, and mechanical engineering when the estimated cost exceeds \$20,000 (Occupations Code 1001.053).
- c. Procedure for acquiring professional services:
  1. Select the most highly qualified provider on the basis of competence and qualifications.
  2. Attempt to negotiate a contract with the best provider at a fair and reasonable price.
  3. If a contract cannot be negotiated, consider the next best provider and attempt to negotiate a contract (TGC 2254.004).
- d. Payment and Performance Bonds
  1. For construction projects in excess of \$100,000, the District shall require a performance bond in the amount of the contract (TGC 2253.021(b)).
  2. For construction contracts in excess of \$25,000, the District may require a payment bond in the amount of the contract solely to protect vendors and subcontractors supplying labor or materials (TGC 2253.021(c)).
  3. If the District does not obtain bond coverage it has the same liability as a surety. TGC 2253.027
  4. Neither a payment or performance bond is required for design services in design-build contracts (TGC 2269.311(a)).
- e. School districts must pay the prevailing wage to all workers on public works contracts.
  1. The Board of Trustees is responsible for establishing wage rates by:
    - a. Conducting a survey of local wage rates or
    - b. Using data from the federal Department of Labor.
  2. Contractors and subcontractors must also pay this rate.

3. Complaints from laborers shall be received by the Board and acted on within 30 days.
4. If violations have occurred the Board may assess the contractor penalties to reimburse affected workers (TGC 2258.001, 022, .022, .023, .051, .052(d), .056).
- f. The District must include a requirement for all contractors to provide all workers providing services to construction project appropriate workers' compensation coverage (28 TAC 110.110(a)(7)(8), (c)).
- g. The Board of Trustees considering a construction contract, must first determine which competitive procurement method will be used in awarding the project (TGC 2269).
- h. In publishing the requests for bids or proposals, the District will note in the request document the criteria and weights that will be used to evaluate the offers received. (TGC 2269.056 (b)).
- i. The evaluation for the selection for a construction services contract must be documented and made public by the seventh day after the contract is awarded (TGC 2269.056(c), 2269.105).

TEA's recommended best practices are included in the Purchasing manual that is designed to assist campus and department level personnel in the procurement of goods and services. The manual is made available through the District's intranet Purchasing web page and reviewed annually for compliance.

## Oversight and Quality Control

### ***Procurement Records***

Requirement:

The LEA must maintain records sufficient to detail the history of procurement. [2 CFR §200.318\(i\)](#)

Implementation:

The LEA maintains the following procurement records:

- Rationale for method of procurement
- Required documentation related to the specific method of procurement
- Selection of contract price
- Contractor selection or rejection
- Basis for contract price
- Detailed ledger including at a minimum:
  - Reference number (e.g., check number, PO number, Journal voucher number)
  - Transaction Date

- Vendor Name
- Transaction Description
- FASRG account codes
- Commodity codes (i.e., codes to calculate aggregate costs)
- Appropriations, encumbrances, final balances
- Transaction records, including at a minimum:
  - Copy of the internal accounting records (PO)
  - Complete itemized third-party documents (invoices, receipts, billing statements, etc.)
  - Contracts, agreements

Procurement records are maintained at the Purchasing department during the life of the contract. Once the contracted has expired, the file will then move to the Records Retention Office for keeping.

### ***Vendor Selection***

Requirement:

The LEA awards contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. [2 CFR §200.318\(h\)](#)

Implementation:

The LEA considers the following when determining contractor selection:

- Reputation for responsibility and integrity
- Reputation of the vendor's goods or services
- Ability to meet the terms and conditions of the procurement
- Compliance with public policy
- Record of past performance
- Vendor's past relationship with the LEA
- Financial and technical resources
- Not suspended or debarred or otherwise excluded from or ineligible for participation in federal assistance programs or activities

Please see the Contractor/Vendor Selection section under Formal Procurement Methods, Proposals section for additional information on criteria for vendor selection.

Please see the Contract Prohibitions section for information on prohibited contracts and suspension and debarment.

### ***Vendor Oversight***

Requirement:

The LEA must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. [2 CFR §200.318\(b\)](#)

Implementation:

If the problem is not resolved, the department/campus will need to coordinate with Purchasing department to prepare written correspondence stating the problem, the corrective action required and the vendor's failure to correct the problem to be sent from the Purchasing Department.

If a significant problem continues, the Purchasing Director can authorize the removal of the vendor from the vendor list and discontinuing business with the vendor by adding a “stop” to the vendor record.

In MUNIS, the Purchasing Department converts the requisition to a purchase order (PO), the department (Program Manager) acknowledges delivery of the goods or service by entering the receiving record and the Accounts Payable Department processes and pays the invoices received from the vendor. Normally, this three-way match function - PO, receiving record and invoice – must exist before a payment can be made to a vendor

The Grants & Recognitions Department and Special Revenue Department in coordination with the receiving department ensure services are rendered on behalf of the District. An invoice for services provided will be reviewed upon receipt for accuracy and completeness.

The segregation of duties lies in the District’s ERP system, MUNIS. The department (Program Manager) enters the requisition into MUNIS for approval. The Purchasing Department converts the requisition to a purchase order (PO) and issues it to the vendor on the District’s behalf. The department (Program Manager) then acknowledges delivery of the goods or service by entering the receiving record and the Accounts Payable Department processes and pays the invoices received from the vendor.

***Rationale for Procurement Method and Type of Contract***

Requirement:

Procurement records must include: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. [2 CFR §200.318\(i\)](#)

Implementation:

*Rationale for method of procurement:*

The procurement method will be determined based on the type of goods or services to be purchased with federal grant funds. The Director of Purchasing will be responsible for selecting the appropriate procurement method. A chart detailing the “Procurement Method by Threshold” is



available for employee access through the District's intranet Purchasing website. In addition, the procurement method is also included in the requisitions under the commodity field as well as the "general comments" sections. Supporting documentation is required to be attached with the requisition for review and approval.

#### *Selection of contract type:*

Once a method of procurement is established, the contract type will depend on the specifications/requirements of requested goods or services in accordance with TEC 44.031 or Chapter 2269, Texas Government Code for construction services.

#### *Contractor selection or rejection:*

Please see the Vendor Selection and Vendor Oversight in this section of the manual.

#### *Basis for contract price:*

In determining price reasonableness, the District may opt to utilize the Independent Cost Estimate (if applicable to the procurement), historical pricing if the goods or services are a reoccurring purchase, price analysis comparison between all vendors who submitted a proposal response.

Please also see the Determination of Allowability of Costs section and the Contract Cost and Price section of this manual for additional information.

#### *Ensuring Availability of Funds*

Once the District receives the grant funding, the Special Revenue Department will budget the grant funds in the appropriate fund code as authorized by the Financial Accountability System Resource Guide, or the granting agency, as appropriate. In addition, the object expenditure codes noted on the grant application will be consistent with the budgeted account codes.

The grant funds will be budgeted and available for use after the NOGA/Award Letter is received by the Grants & Recognitions Department and the Special Revenue Department. It is up to the Program Manager to verify the availability of funds prior to the release of the solicitation.

#### *Miscellaneous Assurances*

The Purchasing department ensures and monitors the use of contracted vendors according to prequalified lists, purchasing cooperatives, prohibited vendors. The department also ensures legal compliance with bid, proposal, and quotation requirements.

### **Purchasing Controls**

#### **Requirement:**

The LEA needs a strong control environment in which to perform the purchasing function.

Roles and related responsibilities must be clearly defined in policies and procedures and adapted to meet the unique operating environment of the LEA. Purchasing staff and users should be trained in the procurement standards and procedures and must adhere to the requirements. Segregation of duties is a vital component of internal control to assist in the prevention and mitigation of error, fraud, waste, and abuse. The LEA should perform oversight and monitoring to ensure processes are followed and implemented.

[Purchasing Module of TEA's FASRG](#)

### ***Purchasing Roles***

Requirement:

Segregation of duties is a vital component of internal control to assist in the prevention and mitigation of error, fraud, waste, and abuse.

Implementation:

**Centralized Purchasing Function.** NISD utilizes centralized purchasing. Centralized purchasing is an organizational structure in which purchasing activity is located in one central authority, in this case the Purchasing Department. While end user campuses and departments determine what their purchasing requirements are, procuring those goods and services from vendors and ensuring that those purchases are made within statutory limits is the responsibility of the Purchasing Department.

**Decentralized Decision Making.** NISD also utilizes decentralized decision making to schools and departments. From a purchasing perspective this means the schools and departments determine what they need and when they need it. These subject matter experts determine how to best meet the needs of our students. However, the final commitment of District funds can only occur by the Purchasing Department.

The Purchasing and Accounting Directors, along with the Assistant Superintendent of Budget and Finance, and ultimately the Superintendent are responsible to ensure that duties among purchasing and accounting personnel are properly segregated (to the degree possible) to provide a checks- and-balances environment.

The campus principal or department head should review for need and approve purchase requisitions before they are submitted to the centralized purchasing department for processing.

This position is not authorized to delegate purchasing authority within their departments.

The Director of Purchasing and or other designated employees should review requisitions for compliance before approving purchase orders for issuance to vendors. If a purchase is to be federally funded, approval should first be obtained from a special programs administrator if the fund requires such approval.

Campus or Department Administrators have the authority to initiate and approve purchase requisitions within their authorized budget, however final approval of all District purchases and issuance of District purchase orders must be made by the Director of Purchasing.

The Financial Business Services oversees the workflow approval process in the District's ERP system, MUNIS.

The Grants & Recognition department along with the Special Revenue department make the final determination on any proposed purchase where budgetary or other conditions may result in denial

The Grants & Recognition department along with the Special Revenue department determine if a purchase is allowable with Federal funds and determines compliance with the program statutes, regulations, and terms and condition of the award.

### ***Training and Staff Development***

Requirement:

The LEA should provide for purchasing training and staff development. This training should extend beyond the professional staff to include other staff who are often involved either directly or indirectly in the purchasing process.

Training should be ongoing and relevant to the role of the employee and provide updates to changes in relevant statutes and purchasing practices. [Purchasing Module of TEA's FASRG](#)

Implementation:

The Purchasing department provides training twice a year through the District's Business Academy training sessions. In addition, one-on-one training for departments and campuses or refresher training can be requested at any time.

### ***Control Environment***

Requirement:

Expenditure of public money requires a strong control environment.

The following items described in the [Purchasing Module of TEA's FASRG](#) should be present in the purchasing control environment:

- Supervision of purchasing process. Vigilance in the supervision of the entire purchasing function on a daily basis is essential.

- Approval of purchase requisitions at the campus and departmental levels. The campus or department administrator should review for need and approve purchase requisitions before they are submitted to the centralized purchasing department for processing. If available, the budget manager should verify funds are available before any procurement action is taken.
- Approval of purchase orders. The purchasing director or other designated official should review for compliance before approving purchase orders for issuance to vendors. If a purchase is to be federally funded, approval should first be obtained from a special programs administrator.
- Segregation of duties among purchasing and accounting personnel. The purchasing director, finance director, and superintendent are responsible for ensuring that duties among purchasing and accounting personnel are properly segregated (to the degree possible) to provide an environment with checks and balances.
- Maintenance of purchasing files and records. Purchasing clerks should be trained and supervised so that purchasing files and records are complete and maintained in an orderly fashion for the period required by law.
- Control over incoming merchandise. Receiving personnel (either centralized or decentralized) should be trained and monitored to ensure that the proper procedures are followed with incoming merchandise (i.e., the counting and inspection of merchandise received, and the completion of receiving reports).
- Verification of invoices with purchase orders and receiving reports. Although receiving personnel are responsible for the initial verification of invoices, accounting personnel verify that the invoice, purchase order, and receiving report match before presenting the invoice for approval for payment.
- Verification of delivery. The requesting campus or department is responsible for ensuring that the order agrees with its original purchase order.
- Internal review of the purchasing process. An internal review of the purchasing process should be performed periodically. This review usually is made by the district's internal audit department and ensures that purchasing policies and procedures are being followed by district personnel.
- Vendor Relations. The district must ensure all potential conflict of interest are identified prior to any purchases involving a district employee and vendor. All vendors should be handled at arm's length so no impression of improprieties exist.

#### Implementation:

The Northside ISD's Purchasing Manual is a primary tool for establishing a strong control environment and must be adhered to by employees of the District. The purchasing manual provides written procedures designed to detect and prevent the circumvention of statutes, regulations, and Board policy applicable to purchasing.

If a situation occurs which is not addressed in the purchasing manual, it should be brought to the attention of the purchasing department to determine the proper course of action. If it is likely that this situation will reoccur, the proper procedures will be included in a revision to the purchasing manual.

In addition to the purchasing manual, the following activities enhance the control environment and require monitoring by those involved in procuring goods and services:

- ***Approval of purchase requisitions at the campus and departmental levels.*** The campus principal or department head should review for need and approve purchase requisitions before they are submitted to the centralized purchasing department for processing.
- ***Approval of purchase orders.*** The Director of Purchasing and or other designated employees should review requisitions for compliance before approving purchase orders for issuance to vendors. If a purchase is to be federally funded, approval should first be obtained from a special programs administrator if the fund requires such approval.
- ***Supervision of purchasing process.*** Vigilance in the supervision of the entire purchasing function on a daily basis is essential.
- ***Segregation of duties among purchasing and accounting personnel.*** The Purchasing and Accounting Directors, along with the Assistant Superintendent of Budget and Finance, and ultimately the Superintendent are responsible to ensure that duties among purchasing and accounting personnel are properly segregated (to the degree possible) to provide a checks-and-balances environment.
- ***Maintenance of purchasing files and records.*** The purchasing staff should be trained and supervised so that purchasing files and records are complete and maintained in an orderly

fashion for the time period required by law.

- ***Control over incoming merchandise.*** Receiving personnel (either centralized or decentralized) should be trained and monitored to ensure that the proper procedures are followed with incoming merchandise (i.e., the counting and inspection of merchandise received, and the completion of receiving reports).
- ***Verification of invoices with purchase orders and receiving reports.*** Although receiving personnel are responsible for the initial verification of invoices, accounting personnel
- verify that the invoice, the purchase order, and the receiving report match before presenting the invoice for approval for payment.
- ***Verification of delivery.*** The requesting campus or department is responsible for ensuring that the order is in agreement with its original purchase order.
- ***Internal review of the purchasing process.*** An internal review of the purchasing process should be performed periodically. This review usually is made by the district's internal audit department and ensures that purchasing policies and procedures are being followed
- by district personnel.

- ***Fiduciary responsibility.*** Regardless of its funding source, the District has fiduciary responsibility to manage all of the district purchases by following all applicable laws, local policy, administrative regulations and purchasing procedures.

### ***Purchasing Cards and Gift Cards***

According to the [Purchasing Module of TEA's FASRG](#), purchasing cards can provide efficiency, transparency, and security when utilized correctly. A purchasing card should be considered a payment mechanism, not a purchasing method. If managed well with the right controls in place to ensure compliance with purchasing guidelines and card usage, a purchasing card program can be beneficial to an LEA.

#### **Requirement:**

To avoid fraud and waste, purchasing cards must be controlled closely. Enough controls must be in place to limit or remove any potential misuse, malicious or not, by cardholders. These controls should be cross-departmental to allow for a continual check and balance of the program and purchases made. [Purchasing Module of TEA's FASRG](#)

#### **Implementation:**

The LEA does **not** authorize the purchase or use of **gift cards** with Federal funds because they lack adequate accountability for ensuring allowable use of Federal funds.

The LEA does not use **purchase cards** for purchases with Federal funds.

### **Standards of Conduct Covering Conflicts of Interest [2 CFR §200.318\(c\)](#)**

#### **Requirement:**

The LEA must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of contracts.

No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest.

Such a conflict of interest would arise when the employee, officer, agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

If the non-Federal entity has a parent, affiliate, or subsidiary organization that is not a State, local government, or Indian tribe, the non-Federal entity must also maintain written standards of conduct

covering organizational conflicts of interest. Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.

Implementation:

Please refer to the remainder of this section for ethics standards and actions to be taken in regards to real or apparent conflict of interest.

Employees that have a substantial interest in a business entity that the District does or may do business with, or who own real estate that may be under consideration by the District are required to submit a completed Conflict of Interest Affidavit with the District's Internal Audit Department. A copy of the Affidavit is found in the District's Administrative Policy (DBD (EXHIBIT)).

Additionally, all District Officials at the level of Assistant Director/Vice Principal and above, plus any other employees as designated by the Superintendent, shall respond to questionnaires concerning conflicts of interest as circulated by the Internal Audit Department on at least an annual basis.

Employees involved in the purchasing process are exposed to more than ordinary temptations because they are involved with the expenditure of large amounts of public money. Strict adherence to the above standards are critical to the protection of the employee's and the District's reputation.

*Organizational Conflict of Interest:*

***Purchasing Ethics Standards [Purchasing Module from TEA's FASRG](#):***

The competitive nature of the public purchasing arena and the expenditure of significant amounts of public funds require that ethical standards be incorporated into the foundation of all purchasing functions. Purchasing personnel and school district staff face the difficult task of developing good vendor relations and encouraging vendor competition while avoiding even the appearance of favoritism or other ethical misconduct.

Ethics relating to conflicts of interest, financial interests in firms conducting business with the school district, kickbacks and gratuities, and improper use of a position or confidential information should be clearly communicated throughout the school district. Additionally, school district personnel should be made aware of the penalties for violations of purchasing laws and ethics, which may include criminal prosecution and loss of employment opportunities. Personnel

considered held to the highest standards include board trustees, superintendents, or other person designated as an executive officer of the district, and any employees or agents who exercise discretion in the planning, recommending, selecting, or contracting of a vendor.

Areas to consider within the district include the following:

- School district staff should be familiar with the numerous district policies related to conflict of interest and ethical behaviors.
- Annual review of these policies is suggested and should be included in training for new employees.
- All employees that have a role in the purchasing process should be reminded annually to complete conflict of interest forms if a conflict exists. Any forms with a conflict should be reviewed by the appropriate level of personnel. All completed conflict of interest questionnaire/conflict of interest statement (CIQ/CIS) forms showing a conflict must be posted online.
- Know and obey the letter and spirit of laws governing the purchasing function and remain alert to the legal ramifications of purchasing decisions.
- Discourage purchasing involvement in employer-sponsored programs of personal purchases that are not business related.
- Avoid the appearance of unethical or compromising practice in relationships, actions, and communications.
- Refrain from any private business or professional activity that would create a conflict between personal interests and those of your employer.
- Refrain from soliciting or accepting money, loans, credits, discounts, gifts entertainment, favors, or services from present or potential suppliers.
- Do not accept any gift unless allowable by district policy.
- Handle confidential or proprietary information with due care and proper consideration of ethical and legal ramifications and governmental regulations.
- Promote positive supplier relationships through courtesy and impartiality

***Common Standards of Ethics to Govern the Conduct of Employees Involved in the Purchasing Function [Purchasing Module from TEA's FASRG](#):***

There are certain common standards of ethics that should govern the conduct of employees involved in the purchasing function, as follows:

- It is a breach of ethics to attempt to realize personal gain through public employment with a school district by any conduct inconsistent with the proper discharge of the employee's duties.



- It is a breach of ethics to attempt to influence any public employee of a school district to breach the standards of ethical conduct set forth in this code.
- It is a breach of ethics for any employee of a school district to participate directly or indirectly in a procurement when the employee knows that:
  - the employee or any member of the employee's immediate family has a financial interest pertaining to the procurement;
  - a business or organization in which the employee, or any member of the employee's immediate family, has a financial interest pertaining to the procurement; or
  - any other person, business, or organization with whom the employee or any member of the employee's immediate family is negotiating or has an arrangement concerning prospective employment is involved in the procurement.
- It is a breach of ethics to offer, give, or agree to give any employee or former employee of a school district, or for any employee or former employee of a school district to solicit, demand, accept, or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation of any part of a program requirement or purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim, or controversy, or other particular matter pertaining to any program requirement or a contract or subcontract, or to any solicitation or proposal therefore pending before this government. Acceptance of gratuities may be construed as a criminal offense.
- It is a breach of ethics for any payment, gratuity, or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor for any contract of a school district, or any person associated therewith, as an inducement for the award of a subcontract or order.
- The prohibition against gratuities and kickbacks prescribed above should be conspicuously set forth in every contract and solicitation therefore.
- It is a breach of ethics for any employee or former employee of a school district knowingly to use confidential information for actual or anticipated personal gain, or for the actual or anticipated gain of any person.

The Comptroller has published purchasing guidance, titled the [State of Texas Procurement and Contract Management Guide](#), that includes related ethics information. The Texas [Local Government Code, Chapter 176](#), provides information regarding conflict of interest statements to be filed by vendors and certain school district employees. Refer to the [Texas Ethics Commission](#) for additional information and sample conflict of interest forms.

If a school district board member or other official has a substantial interest in a procurement, that person shall abstain from discussion and decisions regarding the award of the procurement contract. (See the Texas [Local Government Code, Chapter 171](#), for definition of substantial interest.) In addition, the board member should disclose this substantial interest by filing an affidavit with the district.

### ***Actions to be Taken for Real or Apparent Conflict of Interest***

#### **Requirement:**

Conflict of interest statements must be filed by vendors and certain LEA officials and employees if a real or potential conflict of interest exists.

The LEA will follow the requirements of [Local Government Code Chapter 176](#) and [Local Government Code Chapter 171](#) regarding conflict of interest statements and reporting. The LEA will also refer to the [Texas Ethics Commission](#) website for additional information and sample forms.

#### **Implementation:**

##### ***Board Member:***

If a *board member* or member of their immediate family has a financial interest in a business entity(s), they are required to disclose this relationship through the execution of an affidavit, submitted to the Internal Audit department. A copy of the Affidavit can be found in the District's Administrative Policy (DBD (EXHIBIT)).

[Local Government Codes §171](#) and [§176](#) provide information regarding disclosure requirements.

If the LEA receives a conflicts disclosure statement, TEA will be notified.

See the Conflict of Interest and Mandatory Disclosures section of this manual for information on the submittal to TEA.

Local implementation and procedures will follow the District's Administrative Policy (DBD).

##### ***Local Government Officer:***

*A local government officer* shall file a conflicts disclosure statement with respect to a vendor if: (1) the vendor enters into a contract with the LEA or the LEA is considering entering into a contract with the vendor; and (2) the vendor (A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the officer becomes aware that: (i) a contract between the LEA and vendor has been executed; or (ii) the LEA is considering entering into a contract with the vendor; (B) has given to the local government officer or family member of the officer one or more gifts that have an aggregate value of more than \$100 in the 12-month period preceding the date the officer becomes aware that: (i) a contract between the LEA and vendor has been executed; or (ii) the LEA is considering entering into a contract with the vendor; or (C) has a family relationship with the local government officer.

A local government officer is not required to file a conflicts disclosure statement in relation to a gift accepted by the officer or a family member of the officer if the gift is: (1) a political contribution as defined by [Title 15, Election Code](#); or (2) food accepted as a guest. A local government officer is not required to file a conflicts disclosure statement if the LEA or vendor is an administrative agency created under [Section 791.013, Government Code](#).

A local government officer shall file the conflicts disclosure statement with the records administrator of the LEA not later than 5 p.m. on the seventh business day after the date on which the officer becomes aware of the facts that require the filing of the statement.

The conflicts disclosure statement must include: (1) a requirement that each local government officer disclose: (A) an employment or other business relationship described above, including the nature and extent of the relationship; and (B) if the aggregate value of the gifts accepted by the officer or a family member from that vendor exceeds \$100; (2) an acknowledgment from the local government officer that: (A) the disclosure applies to each family member of the officer; and (B) the statement covers the 12-month period described above; and (3) the signature of the local government officer acknowledging that the statement is made under oath under penalty of perjury. [Local Government Code Chapter 176.003](#)

If the LEA receives a conflicts disclosure statement, TEA will be notified.

See the Conflict of Interest and Mandatory Disclosures section of this manual for information on the submittal to TEA. A copy of the Affidavit can be found in the District's Administrative Policy (DBD (EXHIBIT)).

*Vendor:*

A *vendor* shall file a completed conflict of interest questionnaire if the vendor has a business relationship with an LEA and: (1) has an employment or other business relationship with a local government officer of that LEA, or a family member of the officer, described in [Local Government Code §176.003\(a\)\(2\)\(A\)](#); (2) has given a local government officer of that LEA, or a family member of the officer, one or more gifts with the aggregate value specified by [Local Government Code §176.003\(a\)\(2\)\(B\)](#), excluding any gift described by [Local Government Code §176.003\(a-1\)](#); or (3) has a family relationship with a local government officer of that LEA.

The completed conflict of interest questionnaire must be filed with the appropriate records administrator not later than the seventh business day after the later of: (1) the date that the vendor: (A) begins discussions or negotiations to enter into a contract with the LEA; or (B) submits to the LEA an application, response to a request for proposals or bids, correspondence, or another writing related to a potential contract with the LEA; or (2) the date the vendor becomes aware: (A) of an employment or other business relationship with a local government officer, or a family member of the officer, described in [Local Government Code §176.001](#); or (B) that the vendor has given one or more gifts described by [Local Government Code §176.001](#); or (C) of a family relationship with a local government officer.

The conflicts disclosure statement must: (1) describe each employment or business and family relationship the vendor has with each local government officer of the LEA; (2) identify each employment or business relationship described above with respect to which the local government officer receives, or is likely to receive, taxable income, other than investment income, from the vendor; (3) identify each employment or business relationship described above with respect to which the vendor receives, or is likely to receive, taxable income, other than investment income, that: (A) is received from, or at the direction of, a local government officer of the LEA; and (B) is not received from the LEA; and (4) describe each employment or business relationship with a corporation or other business entity with respect to which a local government officer of the LEA: (A) serves as an officer or director; or (B) holds an ownership interest of one percent or more.

A vendor shall file an updated completed questionnaire with the appropriate records administrator not later than the seventh business day after the date on which the vendor becomes aware of an event that would make a statement in the questionnaire incomplete or inaccurate.  
[Local Government Code Chapter 176.006](#)

If the LEA receives a conflicts disclosure statement, TEA will be notified.

See the Conflict of Interest and Mandatory Disclosures section of this manual for information on the submittal to TEA. A copy of the Affidavit can be found in the District's Administrative Policy (DBD (EXHIBIT)).

*Employee:*

The *employee* shall disclose in writing to [his or her immediate supervisor] a personal financial interest, a business interest, or any other obligation or relationship that in any way creates a real or potential conflict of interest with the proper discharge of assigned duties and responsibilities or that creates a potential conflict of interest with the best interest of the LEA. In the case that the individual receiving the report is also involved in the potential conflict, the disclosure should be submitted to the Internal Audit department. A copy of the Affidavit can be found in the District's Administrative Policy (DBD (EXHIBIT)).

The disclosure is then forwarded to the LEA's designated records administrator.

If the LEA receives a conflicts disclosure statement, TEA will be notified.

See the Conflict of Interest and Mandatory Disclosures section of this manual for information on the submittal to TEA.

***Removal from the Procurement Transaction***

**Requirement:**

Board members, other officials, and employees with a conflict of interest or potential conflict of interest with the vendor being considered, or whose family members have a conflict of interest or potential conflict of interest with the vendor being considered for a procurement, shall:

- Abstain and recuse themselves from voting on award of the contract
- Abstain and recuse themselves from discussion and decisions regarding the award of the contract
- Not participate in the selection, award, or administration of the contract

**Implementation:**

District employees who participate in the evaluation of vendor bids and proposals are required to sign and abide by a Conflict of Interest Statement and Confidentiality Agreement (Non-Disclosure Form) that applies specifically to the solicitation being evaluated. Evaluation team members must sign a separate agreement for every bid/proposal they are asked to evaluate. In the event a member feels he or she has a conflict of interest with any Vendor submitting a

response and cannot sign the statement, they must excuse themselves from serving on the Committee immediately.

### ***Vendor Gifts***

#### **Requirement:**

LEA officials and employees cannot accept anything of value from a vendor, such as personal gifts or gratuities, directly or indirectly, because it may be construed to have been given to influence the purchasing process. Although such practices may be legitimate and generally accepted in the private sector, giving and receiving gifts in the public sector may constitute a violation of law.

The [Texas Penal Code, Chapter 36](#), provides information about violations of corrupt influence. A public servant who exercises discretion in connection with contracts, purchases, payments, claims, or other pecuniary transactions of government commits an offense if he solicits, accepts, or agrees to accept any benefit from a person the public servant knows is interested in or likely to become interested in any contract, purchase, payment, claim, or transaction involving the exercise of his discretion. A person commits a Class A misdemeanor offense if he offers, confers, or agrees to confer any benefit on a public servant that he knows the public servant is prohibited by law from accepting. [Purchasing Module from TEA's FASRG](#)

The officers, employees, and agents of the non-Federal entity may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, non-Federal entities may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. [2 CFR §200.318\(c\)\(1\)](#)

#### **Implementation:**

Under Northside ISD's Board Policy BBFB(Legal), exceptions to unsolicited gifts include: 1. A fee prescribed by law to be received by a public servant or any other benefit to which the public servant is lawfully entitled or for which the public servant gives legitimate consideration in a capacity other than as a public servant; 2. A gift or other benefit conferred on account of kinship or a personal, professional, or business relationship independent of the official status of the recipient; 3. A benefit to a public servant required to file a statement under Government Code Chapter 572, or a report under Election Code Title 15, that is derived from a function in honor or appreciation of the recipient if: a. The benefit and the source of any benefit in excess of \$50 is reported in the statement; and b. The benefit is used solely to defray the expenses that accrue in the performance of duties or activities in connection with the office which are nonreimbursable by the state or political subdivision; 4. A political contribution as defined by Election Code Title 15; 5. An item with a value of less than \$50, excluding cash or a negotiable instrument as described by Business and Commerce Code 3.104; 6. An item issued by a governmental entity that allows

the use of property or facilities owned, leased, or operated by the governmental entity; or 7. Food, lodging, transportation, or entertainment accepted as a guest and, if the donee is required by law to report those items, reported by the donee in accordance with that law.

Northside ISD follows the reporting process under Texas Government Code, Section 572.

### ***Disciplinary Actions for Violations of Standards of Conduct Covering Conflicts of Interest:***

#### **Requirement:**

The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity. [2 CFR §200.318\(c\)\(1\)](#)

Penalties, sanctions, or other disciplinary actions for violations of standards of conduct will be in accordance and to the extent permitted under State and local law. Penalties for violations of purchasing laws and ethics may include criminal prosecution and loss of employment opportunities.

#### **Implementation:**

The LEA will follow the enforcement requirements of [Local Government Code Chapter 176](#), [Texas Penal Code, Chapter 36](#), and [TEC §44.032](#) for local government officers, employees, and vendors who violate the procurement standards of conduct and conflict of interest requirements.

Please see the State Enforcement of Purchase Procedures section under the Contract Prohibitions section of this manual for additional information.

Disclosing a Conflict of Interest is required as part of an employee's employment with Northside Independent School District as stipulated in (BUS-03)(Appendix #2). There are three Board policies, BBFA (legal), DBD (local), and DBD (legal) and an Administrative Regulation (BUS-03) addressing conflicts of interest. All District Officials at the level of Assistant Director/Vice Principal and above, plus any other employees as designated by the Superintendent, will respond to questionnaires concerning conflicts of interest as circulated by the Internal Audit Department on at least an annual basis. The data is reviewed and kept by the Internal Audit Department. 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.

### ***Definitions Pertaining to Standards of Conduct Covering Conflicts of Interest:***

The following definitions apply to the LEA's Standards of Conduct Covering Conflicts of Interest.

*Agent.* "Agent" means a third party who undertakes to transact some business or manage some affair for another person by the authority or on account of the other person. The term includes an employee. [Local Government Code, §176.001\(1\)](#)

*Business Entity.* "Business entity" means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, or any other entity recognized by law. [Local Government Code, §171.001\(2\)](#)

*Business Relationship.* "Business relationship" means a connection between two or more parties based on commercial activity of one of the parties. The term does **not** include a connection based on: (A) a transaction that is subject to rate or fee regulation by a federal, state, or local governmental entity (includes LEA) or an agency of a federal, state, or local governmental entity (includes LEA); (B) a transaction conducted at a price and subject to terms available to the public; or (C) a purchase or lease of goods or services from a person that is chartered by a state or federal agency and that is subject to regular examination by, and reporting to, that agency. [Local Government Code, §176.001\(1-a\)](#)

*Conflict of Interest.* Conflict of interest is defined in [2 CFR §200.318\(c\)](#).

*Contract.* "Contract" means a written agreement for the sale or purchase of real property, goods, or services. [Local Government Code, §176.001\(1-d\)](#)

*Financial or Other Interest.*

Northside ISD defines Financial or Other Interest as "District employees shall not participate directly or indirectly in procurement when the employee or the employee's family member has a financial interest pertaining to the procurement."

*Immediate Family.*

Northside ISD defines Immediate Family as "one's parents, spouse, children, brothers, and sisters, whether residing together or not."

*Family Member.* "Family member" means a person related to another person within the first degree by consanguinity or affinity, as described by [Subchapter B, Chapter 573, Government Code. Local Government Code, §176.001\(2\)](#)



*Family Relationship.* “Family relationship” means a relationship between a person and another person within the third degree by consanguinity or the second degree by affinity, as those terms are defined by [Subchapter B, Chapter 573, Government Code](#). [Local Government Code, §176.001\(2-a\)](#)

*Gift.* “Gift” means a benefit offered by a person, including food, lodging, transportation, and entertainment accepted as a guest. The term does not include a benefit offered on account of kinship or a personal, professional, or business relationship independent of the official status of the recipient. [Local Government Code, §176.001\(2-b\)](#)

*Goods.* “Goods” means personal property. [Local Government Code, §176.001\(2-c\)](#)

*Local Government Officer.* “Local government officer” means (A) a member of the governing body of a local governmental entity (includes LEA); (B) a director, superintendent, administrator, president, or other person designated as the executive officer of a local governmental entity (includes LEA); or (C) an agent of a local governmental entity (includes LEA) who exercises discretion in the planning, recommending, selecting, or contracting of a vendor. [Local Government Code, §176.001\(4\)](#)

*Local Public Official.* “Local public official” means a member of the governing body or another officer, whether elected, appointed, paid, or unpaid, of any district (including a school district), county, municipality, precinct, central appraisal district, transit authority or district, or other local governmental entity who exercises responsibilities beyond those that are advisory in nature. [Local Government Code, §171.001\(1\)](#)

For charter schools, according to [TEC §12.1054](#), a member of a governing body of a charter holder, a member of the governing body of an open-enrollment charter school, or an officer of an open-enrollment charter school is considered to be a local public official for purposes of [Chapter 171, Local Government Code](#).

*Nominal Value.* The prohibition of accepting gifts does not apply to accepting an unsolicited item with a value of less than \$50, excluding cash or a negotiable instrument (see Board Policy BBFB (LEGAL)).

The following list can be used as guidance regarding nominal value:

- Promotional items that apply to any supply order;
- Promotional items and door prizes that anyone would receive at a conference or event (not singled out for this particular LEA or person);

- Meals when meeting to discuss LEA business, not to exceed \$50.00. [
- Holiday gifts not to exceed \$50.00.

*Officer.* See definition for “Local Government Officer.”

*Partner.*

Northside ISD defines Partner as “a business partner and/or a romantic partner” under the procedure for Conflict of Interest.

*Records Administrator.* “Records Administrator” means the director, county clerk, municipal secretary, superintendent, or other person responsible for maintaining the records of the local governmental entity (includes LEA) or another person designated by the local governmental entity (includes LEA) to maintain statements and questionnaires under [Local Government Code §176](#), and perform related functions. [Local Government Code §176.001\(5\)](#)

The LEA has designated the Director of Internal Audit as the records administrator for Conflict of Interest Disclosure statements.

*Substantial Financial Interest.*

*Substantial Financial Interest in a Business Entity.* According to [Local Government Code §171.002](#), (a) A person has a substantial interest in a business entity if: (1) the person owns 10 percent or more of the voting stock or shares of the business entity or owns either 10 percent or more or \$15,000 or more of the fair market value of the business entity; or (2) funds received by the person from the business entity exceed 10 percent of the person’s gross income for the previous year. (b) A person has a substantial interest in real property if the interest is an equitable or legal ownership with a fair market value of \$2,500 or more. (c) A local public official is considered to have a substantial interest under this section if a person related to the official in the first degree by consanguinity (blood) or affinity (marriage), as determined under [Chapter 573, Government Code](#), has a substantial interest under this section.

*Vendor.* “Vendor” means a person who enters or seeks to enter into a contract with a local governmental entity (includes LEA). The term includes an agent of a vendor. The term includes an officer or employee of a state agency when that individual is acting in a private capacity to enter into a contract. The term does not include a state agency except for Texas Correctional Industries. [Local Government Code, §176.001\(7\)](#)

# Property

## Definitions Pertaining to Property Purchased with Federal Funds

The following definitions are applicable to terms used in the Uniform Guidance 2 CFR Part 200, as defined in [2 CFR §200.1](#).

*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. LEA-specific: The LEA includes ancillary charges in the acquisition cost.

*Capital assets* means:

- Tangible or intangible assets used in operations having a useful life or more than one year which are capitalized in accordance with GAAP. Capital assets include:
  - Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, exchange, or through a lease accounted for as financed purchase under Government Accounting Standards Board (GASB) standards or a finance lease under Financial Accounting Standards Board (FASB) standards; and
  - Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance)
- For purpose of this part, capital assets do not include intangible right-to-use assets (per GASB) and right-to-use operating lease assets (per FASB). For example, assets capitalized that recognize a lessee's right to control the use of property and/or equipment for a period of time under a least contract.

*Capital expenditures* means expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life.

*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.

*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. LEA-specific: The LEA’s capitalization level for financial statement purposes is \$5,000.

*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.

*Intangible property* means property having no physical existence, such as trademarks, copyrights, patents and patent applications and property, such as loans, notes and other debt instruments, lease agreements, stock and other instruments of property ownership (whether the property is tangible or intangible).

*Micro-purchase threshold* means the dollar amount at or below which a non-Federal entity may purchase property or services using micro-purchase procedures.

Please see the Informal Procurement Methods section of this manual for more information.

*Personal property* means property other than real property. It may be tangible, having physical existence, or intangible.

*Property* means real property or personal property.

*Real property* means land, including land improvements, structures and appurtenances thereto, but excludes moveable machinery and equipment.

*Simplified acquisition threshold* means the dollar amount below which a non-Federal entity may purchase property or services using small purchase methods.

Please see the Informal Procurement Methods section of this manual for more information. **Texas state law is more restrictive** than Federal regulations concerning the threshold for informal

purchase methods versus formal, competitive procurement for ISDs and **certain** open-enrollment charter schools.

*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 the definition of equipment in this section. 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.

## Insurance Coverage for Property Purchased with Federal Funds [2 CFR §200.310](#)

Requirement:

### *Federal requirement:*

The LEA must, at a minimum, provide the equivalent insurance coverage for real property and equipment acquired or improved with Federal funds as provided to property owned by the LEA.

Federally-owned property need not be insured unless required by the terms and conditions of the Federal award. Please review [2 CFR §200.312](#) for information regarding Federally-owned property.

### *State requirement:*

In accordance with TEA's General and Fiscal Guidelines applicable to all Federal education grants administered by TEA, equipment purchased with Federal funds must be insured. The actual cost of insurance for equipment purchased with funds from the grant program may be charged as a direct cost to the grant so long as the insurance costs are not contained in any other comprehensive casualty insurance that may be held by the subgrantee.

Implementation:

The District will safeguard all property (Inventory Assets as defined by PUR-07) (Appendix #7) purchased with federal grant funds under the same guidelines as property purchased with local funds. Additional insurance for property purchased with federal grant funds will be acquired if specifically required by a federal grant award. The Risk Management Department will oversee the acquisition of insurance for all federally funded property, if necessary.

## Real Property (Land and Structures) [2 CFR §200.311](#)

Please refer to the Definitions Pertaining to Property Purchased with Federal Funds section of this manual for a Federal definition of real property.

Requirement:

### ***Title to Real Property:***

Subject to the requirements and conditions set forth in [2 CFR §200.311](#), title to real property acquired or improved under a Federal award will vest upon acquisition in the non-Federal entity,

### ***Use of Real Property:***

Except as otherwise provided by Federal statutes or by the Federal awarding agency, real property will be used for the originally authorized purpose as long as needed for that purpose, during which time the non-Federal entity must not dispose of or encumber its title or other interests.

### ***Disposition of Real Property:***

When real property is no longer needed for the originally authorize purpose, the non-Federal entity must obtain disposition instructions from the Federal awarding agency or pass-through entity (TEA). The instructions must provide for one of the following alternatives:

- Retain title after compensating the Federal awarding agency. The amount paid to the Federal awarding agency will be computed by applying the Federal awarding agency's percentage of participation in the cost of the original purchase (and costs of any improvements) to the fair market value of the property. However, in those situations where the non-Federal entity is disposing of real property acquired or improved with a Federal award and acquiring replacement real property under the same Federal award, the net proceeds from the disposition may be used as an offset to the cost of the replacement property.
- Sell the property and compensate the Federal awarding agency. The amount due to the Federal awarding agency will be calculated by applying the Federal awarding agency's percentage of participation in the cost of the original purchase (and cost of any improvements) to the proceeds of the sale after deduction of any actual and reasonable selling and fixing-up expenses. If the Federal award has not been closed out, the net proceeds from sale may be off-set against the original cost of the property. When the non-Federal entity is directed to sell property, sales procedures must be followed that provide for competition to the extent practicable and result in the highest possible return.

- Transfer title to the Federal awarding agency or to a third party designated/approved by the Federal awarding agency. The non-Federal entity is entitled to be paid an amount calculated by applying the non-Federal entity's percentage of participation in the purchase of the real property (and cost of any improvements) to the current fair market value of the property.

#### Implementation:

When real property purchased in full or in part with Federal funds is no longer needed for the originally authorized purpose, the LEA will seek disposition instructions from TEA.

The Grants & Recognition department in coordination with the Special Revenue department would review the program statutes/regulations and terms and conditions of the specific Federal award to determine whether the purchase of real property is allowable with the Federal award. At this time, The District has not and will not use federal grant funds to purchase real property.

The Grants & Recognition department in coordination with the Special Revenue department would determine whether real property is no longer needed for the originally authorized purpose, and which alternative to disposition is desired. At this time, The District has not and will not use federal grant funds to purchase real property.

At this time, The District has not and will not use federal grant funds to purchase real property.

#### Equipment [2 CFR §200.313](#)

##### ***Title to Equipment***

#### Requirement:

Subject to the requirements and conditions set forth in [2 CFR §200.313](#), title to equipment acquired under a Federal award will vest upon acquisition to the non-Federal entity. Unless a statute specifically authorizes the Federal agency to vest title in the non-Federal entity without further responsibility to the Federal Government, and the Federal agency elects to do so, the title must be a conditional title.

Title must vest in the non-Federal entity subject to the following conditions:

- Use the equipment for the authorized purposes of the project during the period of performance, or until the property is no longer needed for the purposes of the project.
- Not encumber the property without approval of the Federal awarding agency or pass-through entity (TEA).
- Use and dispose of the property in accordance with the requirements of [2 CFR §200.313](#)

### Implementation:

Please see the Use of Equipment, Property Management, and Disposition sections of this manual for additional information.

Please see the Completing and Submitting the Grant Application section of this manual for information on the process used to ensure that no activities occur, such as purchase orders issued, funds encumbered or expended, goods received, or services rendered, prior to the effective date for use of grant funds.

The Grants & Recognition department will reach out to key department stakeholders for input that may affect their area of expertise. The collaborative process ensures all equipment is provided with the grant application.

Northside ISD is required to justify the purchase of capital outlay by answering the appropriate program questions listed in the Texas Education Agency (TEA) Program Guidelines. This completed form must be attached to the grant before submitting for review and approval by TEA.

### *Use of Equipment:*

#### Requirement:

Equipment must be used by the non-Federal entity in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award, and the non-Federal entity must not encumber the property without prior approval of the Federal awarding agency.

When no longer needed for the original program or project, the equipment may be used in other activities supported by the Federal awarding agency, in the following order of priority: (1) Activities under a Federal award from the Federal awarding agency (USDE) which funded the original program or project, then (2) Activities under Federal awards from other Federal awarding agencies (non-USDE agencies). This includes consolidated equipment for information technology systems.

Notwithstanding the encouragement in [2 CFR §200.307](#) to earn program income, the non-Federal entity must not use equipment acquired with the Federal award to provide services for a fee that is less than private companies charge for equivalent services unless specifically authorized by Federal statute for as long as the Federal Government retains an interest in the equipment.

When acquiring replacement equipment, the non-Federal entity may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement.

#### *Shared Use:*



During the time that equipment is used on the project or program for which it was acquired, the non-Federal entity must also make equipment available for use on other projects or programs currently or previously supported by the Federal Government, *provided that such use will not interfere with the work on the projects or program for which it was originally acquired.*

First preference for other use must be given to other programs or projects supported by the Federal awarding agency that financed the equipment (USDE). Second preference must be given to programs or projects under Federal awards from other Federal awarding agencies (non-USDE agencies).

Use for non-Federally-funded programs or projects is also permissible. User fees should be considered if appropriate.

#### *Personal Use of Computing Devices Purchased with Grant Funds*

##### State Recommendation:

TEA's [General and Fiscal Guidelines](#) strongly encourages subgrantees to develop and approve a policy pertaining to personal use of technology items purchased with grant funds.

The policy should include the following elements:

- A statement detailing that software and/or applications that are solely for personal use should not be loaded/saved onto computing devices purchased with grant funds
- Mechanisms/procedures for ensuring compliance with the policy
- Consequences for noncompliance with the policy

##### Implementation:

Equipment owned/leased by the District shall be used only for the accomplishment of school objectives and may not be removed from the assigned premises except for school related activities. An employee may remove District owned/leased equipment for school use or instructional purposes with the approval of their school/department Inventory Coordinator. An asset should be check out to staff in the asset database before any District asset is removed from its assigned campus/department. Once the asset is returned, the Inventory Coordinator shall collect the asset in asset database to release the individual who checked out the asset from further liability. The assigned Inventory Coordinator will be responsible for managing the equipment use policy at their campus/department and maintaining accurate records of the asset database.

When the Grants & Recognitions Department and Special Revenue Department determines equipment needs to be replaced and whether the district will use the equipment as a trade-in or sell the property to use the proceeds toward the cost of the new equipment, Property Management and

the Warehouse departments will be contacted to: (1) pick up the item for disposal; and (2) either list the item as recyclable or auction as determined by the condition of the asset.

Grants & Recognitions Department and Special Revenue Department would determine when the equipment is no longer needed for the original program that purchased the equipment. In the event the equipment can be made available to programs funded under USDE, contact between the departments will be made and the asset(s) will be then follow the asset transfer procedure.

An Asset Transfer Form must be completed by the Inventory Coordinator for the transfer of assets (Non-Capital Asset or Capital Asset) from one campus/department to another. Once the form is completed and properly approved, the entire form packet should be sent either to Technology Services or Property Management depending on the asset type. It is very important that Property Management receive a copy of the form, as this is the method whereby the District's asset database will be updated as to the location of transferred assets.

Policy regarding personal use of computer devices for the district would follow DH(Legal) and DH(Local); CQ(Legal) and (Local); CQB(Legal) and (Local) board policies.

### ***Property Management:***

The minimum requirements that must be met for managing equipment (including replacement equipment) acquired in whole or in part under a Federal award are outlined in this section.

#### *Property Records*

Requirement:

*Property records* must be maintained that include:

- A description of the property
- A serial number or other identification number
- The source of funding for the property (including the FAIN)
- Who holds title
- The acquisition date
- Cost of the property
- Percentage of Federal participation in the project costs for the Federal award under which the property was acquired
- The location of the property
- Use and condition of the property

- Any ultimate disposition data, including the date of disposal and sale price of the property

Implementation:

All federally-funded assets will 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 will 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 will be conducted under the direction of each Cost Center Manager by the Inventory Coordinator each fiscal year (PUR-07). Lost, damaged, or stolen assets will 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) will be maintained with the asset records.

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

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

The Property Manager will be responsible for maintaining the fixed asset database of all District assets, including all federally-funded assets.

### *Physical Inventory*

Requirement:

*Physical inventory* of the property must be taken and the results reconciled with the property records at least once every two years. TEA recommends inventory be performed annually.

Implementation:

The LEA performs physical inventory on an [annual] basis.

An Inventory Coordinator will be appointed in writing. The appointing authority will be the Cost Center Manager. Notification of updated or new appointment must be sent to the Property Management Office. The Inventory Coordinator has physical responsibility for NISD property within his or her assigned custodial area. The Inventory Coordinator will ensure NISD property is properly used, maintained, and protected.

Responsibilities include:

- Responsible for all property at his or her campus or department
- Verify receipt of all NISD property within his or her campus, or department
- Report any losses due to theft, vandalism, or mysterious disappearance to NISD Police Department. The Inventory Coordinator will forward the police report and a Burglary/Theft report of the loss to the Property Management Officer and Purchasing Dept. (ATTN: Property Management)
- Maintain accurate records of all NISD transactions within his/her area of responsibility using the asset database
- Perform annual physical inventory of all inventory & Capital assets
- Report annual inventory results to the Property Management Department
- Assist Property Management Department in periodic pre-scheduled inventory audits at his or her campus

Training. The Property Management Office will provide training, communications, and materials as required for an Inventory Coordinator to execute his or her duties.

Annual Physical Inventory. All Inventory Coordinators will be responsible for conducting an annual physical inventory. For campuses, this inventory needs to be completed at some point during the school year while all staff is still present. This will include Inventory and Capital assets. The Inventory Process is as follows: the Property Management Department will notify each campus of the timeframe in which their inventory should be conducted. At the time of this notification, the Property Manager will supply each campus with directions to assist the Inventory Coordinator in retrieving their inventory listing via the Property Management Database (each Inventory Coordinator will have read-only access to the Property Management Database, which will allow them to pull their own inventory reports and monitor all assets under their site code.)

Recommended Strategies For Inventory:

- Use a barcode scanner to scan all of the inventory assets.
- Distribute Inventory sheets to all personnel at your department/school. They can write down all of the assets assigned to their room and return this information back to you.
- Post a master inventory list on a shared drive at your school/department. Have all of your staff update the inventory list with all of the assets assigned to their room. NOTE: You will need an individual to account for the assets in rooms where personnel are not assigned, i.e., IDF Rooms, Custodial Rooms, etc. Utilize an assistant Inventory Coordinator to enter data into the asset database.

Upon completion of the inventory, the Property Management Department will evaluate the results in the asset database.

- To identify items as “stolen”, the procedures discussed in the “Burglary/Theft” section earlier in this manual need to be followed
- The Director of Accounting will make a final decision on the disposition of missing Capital assets. The Property Manager will determine the disposition of all non-Capital assets. The missing item will remain on the inventory records for at least (2) years before it can be removed from the system.

The Property Management Office will update the school/department inventory based on the inventory report in the asset database. After the reconciliation process is complete, the Property Manager will present the results back to the campus on an official INVENTORY SUMMARY REPORT.

- Results of these inventories will be submitted to the Deputy Superintendent responsible for that cost center

Reasons for conducting an annual inventory include:

- To verify or ascertain the physical count, condition, and location of an inventory asset and to ensure that it is properly documented
- To identify, document, and add items to its inventory list that are on-hand and meet qualifying criteria, but are not currently shown as part of the inventory
- To ensure that legitimately transferred or disposed of items are no longer carried on the inventory listing
- To identify any missing or damaged items that need to be located, repaired, or replaced
- To insure proper use and safekeeping of District assets to increase tax payer confidence

Audits. The Property Management Office will conduct periodic audits of inventory results throughout the year at various departments/schools. The Property Management Office will select a sample of inventory assets to be audited. The selected campus will be informed of the assets to be located a few days in advance of the planned audit. On the scheduled audit date, a Property Management Representative will show up to physically verify the assets. This audit will be conducted with the assistance of the Inventory Coordinator. Results of these audits will be tracked by the Property Management Office and delivered to all Deputy Superintendents as an audit report.

Audit Schedule. The Property Manager will schedule periodic audits as required with Cost Center Managers. Cost Center Managers will be notified in advance of their scheduled audit.

### *Control System to Prevent Loss, Damage, or Theft*

#### Requirement:

*A control system* must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.

TEA's [General and Fiscal Guidelines](#) state that “while items such as tablet computers, netbooks, and laptops may not meet the capitalization level established by the subgrantee or TEA, it is strongly recommended that these items be inventoried, tracked, and monitored as they are highly mobile and susceptible to loss.

#### Implementation:

Federally funded equipment and supply purchases will be retained by the District, unless otherwise notified by the granting agency. As District property, the District will 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 will include the recording of all assets on a database with the following information:

- District-issued tag (or identification number)
- Date of acquisition
- Description of asset
- Serial number, or other identifying number
- Funding source, i.e. fund code
- Federal use of asset (percentage)
- Cost of asset (acquisition cost)

- Location of asset (building and room number)
- Depreciation of asset

The District will 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's definitions of property are noted below:

**Inventory Assets.** Inventory Assets encompass all District Assets with an original cost greater than or equal to \$1,000, that are assigned a unique identification number and that have a useful life in excess of one year. Furniture is not considered an Inventory Asset. All Inventory Assets are to be recorded into the District's Asset Database upon receipt and tracked until final disposition. Inventory Assets are broken down into two categories: Non-Capital Assets with a value between \$1,000 and \$4,999 and Capital Assets with a value of \$5,000 or greater.

**Non Capital Assets** with a value between \$1,000 and \$4,999. The District defines Non-Capital Assets as items purchased or donated that are tangible in nature, have a useful life of longer than one year, have a unit value of between \$1,000 and \$4,999 and may be reasonably identified and controlled through a physical inventory system.

Some Non-Capital Assets under \$1,000, which are identified by the Property Management Department, may still be tagged and tracked. This can include (but is not limited to) the following:

- Desktop and Monitors
- Laptop Computers
- Tablet Computers and Other Electronic Personal Devices
- Printers
- Digital Projectors and Cameras

**Capital Assets** with a value of \$5000 or greater. The District defines Capital Assets as purchased or donated items that are tangible in nature, have a useful life of longer than one year, have a unit value of \$5,000 or more and may be reasonably identified and controlled through a physical inventory system. The actual cost of a Capital Asset includes the total purchase price, before any trade-in allowance, minus any discounts. Other costs, which should be capitalized as Asset costs, include transportation charges, installation costs, or any other expenditure required to place the Asset in its intended state of operation. Capital Assets should be charged to a Capital Outlay 6600 Object Code. All Capital Assets are to be recorded at cost and amounts retained on the subsidiary fixed assets ledger until their final disposition. Capital Assets can include (but are not limited to) the following:

- Land and land improvements
- Buildings and building improvements

- Construction in progress
- Leasehold improvements
- Machinery and equipment
- Vehicles
- Works of art and historical treasures

Non-Inventory Assets. It is incumbent upon Cost Center Managers to ensure the care, custody and control of District items with a value less than \$1,000 maintained within their area of responsibility.

The Special Revenue department submits the Inventory Form to TEA and maintains the documentation, including the documentation of the current market value, the Inventory Form and TEA's approval, if applicable.

All federally-funded assets will 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 will 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 will be conducted under the direction of each Cost Center Manager by the Inventory Coordinator each fiscal year (PUR-07). Lost, damaged, or stolen assets will 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) will be maintained with the asset records.

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

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

The Property Manager will be responsible for maintaining the fixed asset database of all District assets, including all federally-funded assets.

Burglary/Theft of Assets. The following procedures will be performed when an item is reported stolen or destroyed by vandalism: The responsible campus/department Inventory Coordinator



should immediately notify the NISD Police Department to file a report. NISD Police will provide the reporting campus/department with a police report number. With this information, the reporting campus/department should complete a Burglary/Theft Report (Exhibit C). Once the report has been completed and signed by the Principal or Director, a copy shall be forwarded to the Purchasing Department (ATTN: Property Manager). If approved, the Purchasing Department will order replacement asset(s), as necessary, and Property Management will remove the stolen asset(s) from the Asset Database. A copy of this report will be forwarded to Risk Management upon request.

**Missing/Lost NISD Property.** Missing NISD Property is to be reported to the NISD Property Manager. Missing property is defined as any NISD Inventory asset that disappeared with no explanation. This includes all assets not located during the physical inventory process. Inventory Coordinators should strive to locate all NISD Inventory assets. All assets identified as missing, whether through inventory or audit, will be reported on to the Deputy Superintendent of that cost center (per Admin. Reg. PUR-7).

- Inventory assets that remain missing after a period of 1 year (1 inventory cycle) will be removed from the District Database. The disposition of all Capital assets that are missing will be decided by the Director of Accounting. Any Equipment Discovered To Be ‘Missing’ Or ‘Stolen’ Must Be Reported Immediately.

**Equipment Use.** Equipment owned/leased by the District shall be used only for the accomplishment of school objectives and may not be removed from the assigned premises except for school related activities. An employee may remove District owned/leased equipment for school use or instructional purposes with the approval of their school/department Inventory Coordinator. An asset should be check out to staff in the asset database before any District asset is removed from its assigned campus/department. Once the asset is returned, the Inventory Coordinator shall collect the asset in asset database to release the individual who checked out the asset from further liability. The assigned Inventory Coordinator will be responsible for managing the equipment use policy at their campus/department and maintaining accurate records of the asset database.

### *Maintenance of Property*

Requirement:

*Adequate maintenance* procedures must be developed to keep the property in good condition.

Implementation:

The cost center manager is responsible for the property that has been issued to their respective areas. In the even the item(s) appear to be broken, they are to either submit a work order for technology items, or contact the warehouse for broken furniture; the maintenance department for vehicles, etc.

For technology asset maintenance, a work order is placed when maintenance is needed; otherwise there is a campus-based refresh every 5 years through the Technology department. For other assets, maintenance is performed on an “as needed” basis.

### *Sales Procedures*

Requirement:

*Proper sales procedures* must be established to ensure the highest possible return if the non-Federal entity is authorized or required to sell the property.

Implementation:

Sales Procedures. For recycling, the district issues an RFP out to find a vendor that will give us the highest return for e-waste. For other items designated as surplus, a separate RFP is issued for auction services. One of the evaluation criteria is price. The district awards the most points to the vendor who charges the least amount of commission.

Please see the Disposition section of this manual for disposition information.

### ***Disposition:***

When original or replacement equipment acquired under a Federal award is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency, the non-Federal entity must request disposition instructions from the Federal awarding agency if required by the terms and conditions of the Federal award.

Disposition of the equipment will be made as follows, in accordance with Federal awarding agency disposition instructions:

- Items of equipment with a **current** per unit fair market value of **\$5,000 or less** may be retained, sold, or otherwise disposed of with *no further responsibility to the Federal awarding agency*.
- When the **current** per unit fair market value is **greater than \$5,000**, the Federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the Federal awarding agency’s percentage of participation in the cost of the

original purchase. If the equipment is sold, the Federal awarding agency may permit the non-Federal entity to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.

- The non-Federal entity may transfer title to the property to the Federal Government or to an eligible third party provided that, in such cases, the non-Federal entity must be entitled to compensation for its attributable percentage of the current fair market value of the property.
- In cases where a non-Federal entity fails to take appropriate disposition actions, the Federal awarding agency may direct the non-Federal entity to take disposition actions.

*State requirements:*

Disposition instructions must be obtained from TEA by submitting the “[Inventory Disposition](#)” form that is located on TEA’s “[Forms for Prior Approval, Disclosure, and Justification](#)” webpage.

The completed disposition form must be submitted to TEA, and approval received when applicable, prior to the actual disposition of the equipment.

All compensation due the Federal awarding agency will be submitted to TEA to return to the Federal government.

*Implementation:*

The district’s Property Management Officer will alert the Special Revenue department to request the disposition instructions from Texas Education Agency.

Federally funded equipment and supply purchases will be retained by the District, unless otherwise notified by the granting agency. As District property, the District will 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 will include the recording of all assets on a database with the following information:

- District-issued tag (or identification number)
- Date of acquisition
- Description of asset
- Serial number, or other identifying number
- Funding source, i.e. fund code
- Federal use of asset (percentage)
- Cost of asset (acquisition cost)
- Location of asset (building and room number)
- Depreciation of asset

The District will 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's definitions of property are noted below:

**Inventory Assets.** Inventory Assets encompass all District Assets with an original cost greater than or equal to \$1,000, that are assigned a unique identification number and that have a useful life in excess of one year. Furniture is not considered an Inventory Asset. All Inventory Assets are to be recorded into the District's Asset Database upon receipt and tracked until final disposition. Inventory Assets are broken down into two categories: Non-Capital Assets with a value between \$1,000 and \$4,999 and Capital Assets with a value of \$5,000 or greater.

**Non Capital Assets with a value between \$1,000 and \$4,999.** The District defines Non-Capital Assets as items purchased or donated that are tangible in nature, have a useful life of longer than one year, have a unit value of between \$1,000 and \$4,999 and may be reasonably identified and controlled through a physical inventory system.

Some Non-Capital Assets under \$1,000, which are identified by the Property Management Department, may still be tagged and tracked. This can include (but is not limited to) the following:

- Desktop and Monitors
- Laptop Computers
- Tablet Computers and Other Electronic Personal Devices
- Printers
- Digital Projectors and Cameras

**Capital Assets with a value of \$5000 or greater.** The District defines Capital Assets as purchased or donated items that are tangible in nature, have a useful life of longer than one year, have a unit value of \$5,000 or more and may be reasonably identified and controlled through a physical inventory system. The actual cost of a Capital Asset includes the total purchase price, before any trade-in allowance, minus any discounts. Other costs, which should be capitalized as Asset costs, include transportation charges, installation costs, or any other expenditure required to place the Asset in its intended state of operation. Capital Assets should be charged to a Capital Outlay 6600 Object Code. All Capital Assets are to be recorded at cost and amounts retained on the subsidiary fixed assets ledger until their final disposition. Capital Assets can include (but are not limited to) the following:

- Land and land improvements
- Buildings and building improvements
- Construction in progress
- Leasehold improvements

- Machinery and equipment
- Vehicles
- Works of art and historical treasures

Non-Inventory Assets. It is incumbent upon Cost Center Managers to ensure the care, custody and control of District items with a value less than \$1,000 maintained within their area of responsibility.

The Special Revenue department submits the Inventory Form to TEA and maintains the documentation, including the documentation of the current market value, the Inventory Form and TEA's approval, if applicable.

All federally-funded assets will 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 will 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 will be conducted under the direction of each Cost Center Manager by the Inventory Coordinator each fiscal year (PUR-07). Lost, damaged, or stolen assets will 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) will be maintained with the asset records.

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

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

The Property Manager will be responsible for maintaining the fixed asset database of all District assets, including all federally-funded assets.

## Supplies and Materials [2 CFR §200.314](#)

Requirement:

Title to supplies will vest in the non-Federal entity upon acquisition. If there is a **residual inventory of unused supplies exceeding \$5,000 in total aggregate value** upon termination or completion of the project or program and the supplies are not needed for any other Federal award, the non-Federal entity must retain the supplies for use on other activities or sell them, but must, in either case, compensate the Federal Government for its share. The amount of compensation must be computed in the same manner as for equipment.

*State requirements:*

Disposition instructions must be obtained from TEA by submitting the “[Inventory Disposition](#)” form that is located on TEA’s “[Forms for Prior Approval, Disclosure, and Justification](#)” webpage.

The completed disposition form must be submitted to TEA, and approval received if applicable, prior to the actual disposition of the supplies.

All compensation due the Federal awarding agency will be submitted to TEA to return to the Federal government.

The aggregate value of supplies being considered for disposal is the total of all supplies, regardless of type, the LEA seeks to dispose.

*Implementation:*

Federally funded equipment and supply purchases will be retained by the District, unless otherwise notified by the granting agency. As District property, the District will 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 will include the recording of all assets on a database with the following information:

- District-issued tag (or identification number)
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The Special Revenue department submits the Inventory Form to TEA and maintains the documentation, including the documentation of the current market value, the Inventory Form and TEA's approval, if applicable.

## Property Trust Relationship [2 CFR §200.316](#)

Requirement:

Real property, equipment, and intangible property, that are acquired or improved with a Federal award must be held in trust by the non-Federal entity as trustee for the beneficiaries of the project or program under which the property was acquired or improved. The Federal awarding agency may require the non-Federal entity to record liens or other appropriate notices of record to indicate that personal or real property has been acquired or improved with a Federal award and that use and disposition conditions apply to the property.

Regulations regarding intangible property are located at [2 CFR §200.315](#).

## Equipment or Supplies and Materials Purchased for Equitable Services for Students Enrolled in Private Schools (PNP)

Requirement:

Under some program statutes, a public agency must keep title to and exercise continuing administrative control of all equipment and supplies that the subgrantee acquires with program funds. This public agency is usually the subgrantee.

The subgrantee may place equipment and supplies in a private school for the period of time needed for the project.

The subgrantee shall insure that the equipment or supplies placed in a private school:

- Are used only for the purposes of the project; and
- Can be removed from the private school without remodeling the private school facilities.

The subgrantee shall remove equipment or supplies from a private school if:



- The equipment or supplies are no longer needed for the purposes of the project; or
- Removal is necessary to avoid use of the equipment or supplies for other than project purposes.

Implementation:

The LEA determines whether a specific Federal program has requirements for equitable services for students enrolled in private schools.

The LEA determines the specific provisions for the specific Federal program regarding equipment and supplies and materials for equitable services.

Northside ISD follows 34 CFR 300.144 in ensuring all equipment and supplies are used only for the purposes of the project and are not permanently installed at the serviced private school. Such items are categorized by funding and location in the District's asset management tracking system and follows the same procedures for tracking assets listed under the Property Management section of this manual.

In addition, the District will monitor and determine whether equipment or supplies need to be removed in the event: (1) The equipment and supplies are no longer needed for Part B purposes; or (2) Removal is necessary to avoid unauthorized use of the equipment and supplies for other than Part B purposes.

## **Compensation 2 CFR §§200.430 - 200.431**

### **Compensation for Personal Services**

Requirement:

*Compensation for personal services* includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits as described in the Fringe Benefits section of this manual.

Costs of compensation are allowable to the extent that they satisfy the specific requirements of 2 CFR §200.430 and that the total compensation for individual employees:

- Is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities;
- Follows an appointment made in accordance with a non-Federal entity's laws and/or rules or written policies and meets the requirements of Federal statute, where applicable; and

- Is determined and supported as provided in the Standards of Documentation of Personnel Expenses, when applicable. See the Standards of Documentation of Personnel section of this manual for the LEA's procedures.

#### Implementation:

The LEA will ensure the position is an allowable use of funds for the specific Federal award in accordance with the statutes and regulations and terms and conditions of the award.

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

All payroll expenditures shall be paid in accordance with the grant cost principles. Primarily, payroll expenditures must be authorized on the grant application and the duties assigned must be directly related to grant activities

The Program Manager will work collaboratively with the appropriate stakeholders (campuses and departments) to identify all staff needed to accomplish the grant activities. The Program Manager will work collaboratively with the Grants & Recognitions and Special Revenue Departments to obtain estimated salaries for proposed grant-funded staff prior to the completion of the grant application. This will ensure the appropriate amount of funding is set aside for grant funded staff before resources are allocated to other identified needs.

The process of approving payroll expenditures from grant funds will be a collaborative process between the campus or department, Program Managers, Special Revenue, and Payroll departments. Each campus and/or department plays an essential role in ensuring that all federal grant requirements are met.

The School Board approved Teacher Hiring and Midpoint Pay Scale will be used to compensate all District staff whether paid from local, state or federal grant funds. In addition, the District will 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 will 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 will be paid from non-grant funds. Grant-funded staff with more than one cost objective will comply with the Time and Effort documentation requirements. Incentive payments, such as performance, perfect attendance, safety, etc. for grant-funded staff will 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 will be created only when a job description has been developed and approved by Human Resources, the Program Manager, and the Program Manager's cabinet representative. The Program Manager will ensure the position is approved on the grant application and that adequate funds exist to fill the position. The Special Revenue Department will 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.

LEA's compensation policy may be accessed at:

[https://pol.tasb.org/Policy/Download/184?filename=DEA\(LEGAL\).pdf](https://pol.tasb.org/Policy/Download/184?filename=DEA(LEGAL).pdf)

### *Funding Neutral Local Compensation and Leave Plan/Policy*

The LEA applies its compensation and leave plan/policy consistently to all employees, regardless of the fund source used for compensation: Federal funds, state funds, or local funds.

### ***Reasonableness***

Requirement:

Compensation for employees engaged in work on Federal awards will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the non-Federal entity. In cases where the kinds of employees required for Federal awards are not found in the other activities of the non-Federal entity, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the non-Federal entity competes for the kind of employees involved.

Implementation:

### **New Positions**

New grant-funded positions will be created only when a job description has been developed and approved by Human Resources, the Program Manager, and the Program Manager's cabinet representative. The Program Manager will ensure the position is approved on the grant application and that adequate funds exist to fill the position. The Special Revenue Department will 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, will be hired when a position and funding are both available. Upon separation of an employee, the home campus or department of the position will initiate a request to replace the position by initiating the Personnel Action in Munis.

The Program Manager will review the request to ensure that the position is still authorized and necessary. Changes to the job description, if any, will be made at this time. The Special Revenue Department will review the request to ensure that adequate funds exist in the appropriate account code(s). If funds do not exist, the Special Revenue Department will notify the Program Manager to determine if funds will be re-appropriated to the account code(s). After approval from the Superintendent's Cabinet and the Program Manager, the Human Resources department will advertise the position.

The screening and selection process will include a review of the recommended applicant to ensure that he/she meets the highly qualified requirements under the No Child Left Behind Act (NCLB), as appropriate, or any other grant-specific credentials. Grant funded new hires must acknowledge funding source and duties through the District's online job acknowledgment system.

### ***Professional Activities Outside the LEA***

#### **Requirement:**

Unless an arrangement is specifically authorized by a Federal awarding agency, a non-Federal entity must follow its written non-Federal entity-wide policies and practices concerning the permissible extent of professional services that can be provided outside the non-Federal entity for non-organizational compensation. Where such non-Federal entity-wide written policies do not exist or do not adequately define the permissible extent of consulting or other non-organizational activities undertaken for extra outside pay, the Federal Government may require that the effort of professional staff working on Federal awards be allocated between:

- Non-Federal entity [LEA] activities, and
- Non-organizational professional activities. If the Federal awarding agency considers the extent of non-organizational professional effort excessive or inconsistent with the conflicts-of-interest terms and conditions of the Federal award, appropriate arrangements governing compensation will be negotiated on a case-by-case basis.

#### **Implementation:**

Any employee wishing to perform professional services outside the district and receive payment for such services by another entity must complete, sign, and submit the district's Conflict of Interest form prior to agreeing to perform professional services outside the district. The purpose of the Conflict of Interest form is to disclose the nature of the professional services to be performed outside the district to ensure a conflict of interest does not exist for the district.

The Conflict of Interest form is obtained from the Internal Audit Department and is submitted to the Internal Audit Department for review and determination of whether a potential conflict of interest exists.

Conflict of Interest (BUS-03) The Internal Audit Department will execute an Organizational Conflict of Interest document to disclose if any conflicts exist in the application, receipt of, or expenditure of federal grant funds.

#### Local Government Officer Conflicts Disclosure Statement

Disclosing a Conflict of Interest is required as part of an employee's employment with Northside Independent School District as stipulated in (BUS-03)(Appendix #2). There are three Board policies, BBFA (legal), DBD (local), and DBD (legal) and an Administrative Regulation (BUS-03) addressing conflicts of interest. All District Officials at the level of Assistant Director/Vice Principal and above, plus any other employees as designated by the Superintendent, will respond to questionnaires concerning conflicts of interest as circulated by the Internal Audit Department on at least an annual basis. The data is reviewed and kept by the Internal Audit Department. **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.**

#### Federal State Grant Award Conflict of Interest

The District will implement and follow the conflict of interest policy when received from the United States Department of Education (USDE). Disclosures of conflict of interest related to employees working with federal grant funds will be disclosed to the applicable Federal awarding agency or Texas Education Agency as required by the USDE.

- Conflicts of interest, if any are reported, will be reported to the granting agency.
- The District will comply with all additional conflict of interest requirements required by the federal granting agency and/or the pass-through entity.

#### ***Special Considerations***

Requirement:

Special considerations in determining allowability of compensation will be given to any change in a non-Federal entity's compensation policy resulting in a substantial increase in its employees' level of compensation (particularly when the change was concurrent with an increase in the ration of Federal awards to other activities) or any change in the treatment of allowability of specific types of compensation due to changes in Federal policy.

Implementation:

The Superintendent will determine the factors that will be taken into account when an increase may be needed as a result of a disaster or unexpected event, such as a pandemic, and increased compensation is desirable in an effort to recruit or retain employees, and in accordance with DEA (LOCAL) will make a recommendation to the Board. The Board may also issue an emergency resolution to provide authority to the Superintendent to make determinations regarding compensation during disasters, unexpected events, or closures.

Please see the Considerations for Disasters or Unexpected Events section of this manual for additional information.

### ***Incentive Compensation***

#### **Requirement:**

Incentive compensation to employees based on cost reduction, or efficient performance, suggestion awards, safety awards, etc., is allowable to the extent that the overall compensation is determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the non-Federal entity and the employees before the services were rendered, or pursuant to an established plan followed by the non-Federal entity so consistently as to imply, in effect, an agreement to make such payment.

In accordance with TEA guidance in the [FAQ-ESSER I, ESSER II, ESSER III](#) document, AU-A11 and J-Q-11, incentive pay related to performance pay or pay to meet an identified need, must be justified. Additionally, the LEA must have a plan/agreement that governs the pay, and must ensure the compensation is reasonable. Types of incentive compensation include retention bonuses, recruitment bonuses, performance stipends, stipends for additional responsibilities, and extra-duty pay for duties outside the normal workday. The LEA is generally prohibited from using Federal funds to pay for gifts or incentives, including student incentives, other than those described above.

In accordance with [2 CFR §200.463](#), special emoluments, fringe benefits, and salary allowances incurred to attract professional personnel that do not meet the test of reasonableness and do not conform with the established practices of the non-Federal entity, are unallowable.

#### **Implementation:**

Types of incentive compensation paid with Federal awards include retention bonuses, recruitment bonuses, performance stipends, stipends for additional responsibilities, and extra-duty pay for duties outside the normal workday. The Special Revenue Department determines if the incentive

pay is allowable with the program-specific statutes and regulations and terms and conditions of the award.

The Special Revenue Department will review the justification for the incentive pay and the plan/agreement that governs the pay to determine if the compensation meets the test of reasonableness.

The District will adhere to DEAA (LOCAL) and federal award guidelines with respect to issuing incentive compensation with federal awards. Please see the Considerations for Disasters or Unexpected Events and Standards for Documentation of Personnel Expenses sections of this manual for additional information.

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## Fringe Benefits

### Requirement:

*Fringe benefits* are allowances and services and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave (vacation, family-related, sick or military), employee insurance, pensions, and unemployment benefit plans. Except as provided elsewhere in the Federal Cost Principles of [2 CFR Part 200, Subpart E](#), the costs of fringe benefits are allowable provided that the benefits are reasonable and are required by law, non-Federal entity-employee agreement or an established policy of the non-Federal entity.

- *Leave.* The cost of fringe benefits in the form of regular compensation paid to employees during period of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met:
  - They are provided under established written leave policies;
  - The costs are equitably allocated to all related activities, including Federal awards; and,
  - The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.
- *Fringe benefits.* The cost of fringe benefits in the form of employer contributions or expenses for social security; employee life, health, unemployment, and worker's compensation insurance (except as indicated in [2 CFR §200.447](#)); pension plan costs (for pension plans financed on a pay-as-you-go method, allowable costs will be limited to those representing

actual payments to retirees or their beneficiaries); and other similar benefits are allowable, provided such benefits are granted under established written policies. Such benefits must be allocated to Federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are chargeable to such Federal awards and other activities, and charged as direct or indirect costs in accordance with the non-Federal entity's accounting practices.

- *Additional information regarding fringe benefits with Federal awards* is described in [2 CFR §200.431](#).

#### Implementation:

District costs for fringe benefits for grant-funded staff will 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 shall be earned and paid during the grant period.
- All benefit costs must 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 the 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.]
- Leave buy-back payments (for accumulated state and/or local leave) at separation. [NOTE. District has opted to pay with local funds, as appropriate.]
- Automobile costs or allowance



### *Funding Neutral Local Compensation and Leave Plan/Policy*

The LEA applies its compensation and leave plan/policy consistently to all employees, regardless of the fund source used for compensation: Federal funds, state funds, or local funds.

### Relocation Costs of Employees [2 CFR §200.464](#)

#### Requirement:

Relocation costs are costs incident to the permanent change of duty assignment (for an indefinite period or for a state period of not less than 12 months) of an existing employee or upon recruitment of a new employee. Federal regulations regarding the use of Federal funds for relocation costs are outlined in [2 CFR §200.434](#). Reimbursement to the employee is in accordance with an established written policy consistently followed by the employer.

#### Implementation:

The LEA will determine if reimbursement for relocation costs is allowable with the program-specific statutes and regulations and terms and conditions of the award.

### Standards for Documentation of Personnel Expenses [2 CFR §200.430\(i\)](#)

#### Requirement:

Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into the official records of the non-Federal entity;
- Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities;
- Encompass Federally-assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- Comply with the established accounting policies and practices of the non-Federal entity;
- Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities

which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity;

- Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that: (a) The system for establishing the estimates produces reasonable approximations of the activity actually performed; (b) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and (c) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal award based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.
- In accordance with Department of Labor regulations implementing the Fair Labor Standards Act (FLSA) ([29 CFR part 516](#)), charges for the salaries and wages of nonexempt employees, in addition to the supporting documentation described in this section, must also be supported by records indicating the total number of hours worked each day.
- Salaries and wages of employees used in meeting cost sharing or matching requirements on Federal awards must be supported in the same manner as salaries and wages claimed for reimbursement from Federal awards.
- Substitute processes or systems for allocating salaries and wages to Federal awards may be used in place of or in addition to the records described in this section if approved by the cognizant agency for indirect cost [TEA].
  - TEA has approved a [Substitute System of Time and Effort Reporting](#) for eligible LEAs and eligible LEA employees to use to reduce the burden of monthly documentation.
  - Please see the Substitute System of Time and Effort Reporting section of this manual for more information.
- For a non-Federal entity where the records do not match the standards described in [2 CFR 200.430\(i\)](#), the Federal Government may require personnel activity reports, including prescribed certifications, or equivalent documentation that support the records as required in [2 CFR 200.430\(i\)](#).

#### Implementation:

The LEA will maintain documentation of allocability to a Federal award for all employee compensation paid in full or in part with a Federal award.

Our district receives a large amount of federal funding each year. One requirement when receiving federal funds is the tracking of Time and Effort for employees who are funded from multiple fund

sources. Multi funded employees are those that are paid through a combination of federal and/or other funds. These employees must record their time spent daily on each activity or fund and turn in monthly logs in order for the district to remain compliant with the federal guidelines.

Monthly Time & Effort logs must be completed and signed with originals submitted to the Special Revenue Department by the 10th day of each month following the documentation period. Please keep a copy for your records.

### ***Employees Working on a Single Cost Objective***

A single cost objective may be a single function, a single grant, a single activity, or applicable to one specific student population type.

- It is possible to work on a single cost objective even if an employee is paid from more than one Federal award IF the employee's activities could allowably be fully funded from either grant, if funds were sufficient. Example:
  - A preschool special education teacher works 100% of the time teaching preschool students with disabilities and is funded partially from IDEA-B Formula funds and partially from IDEA-B Preschool funds.
  - Teaching preschool special education is an allowable activity under both IDEA-B Formula (ages 3-21) and IDEA-B Preschool (ages 3-5). Since the teacher's compensation could be paid 100% from either grant, if funds were sufficient, it is considered a single cost objective.
- It is possible to work on a single cost objective even if an employee is paid from a Federal award and a non-Federal award IF the employee's activities could allowably be fully funded from the Federal award alone, if funds were sufficient. Example:
  - A special education teacher works 100% of the time teaching students with disabilities and is funded partially from IDEA-B Formula funds and partially from the state Special Education Allotment from the Foundation School Program (FSP).
  - Teaching students with disabilities is an allowable activity under both fund sources and could be fully funded from the IDEA-B grant alone, if funds were sufficient. Therefore, this qualifies as a single cost objective.

Additional considerations:

- If a required set-aside or reservation is identified in the grant application, that set-aside or reservation is a separate cost objective. If the employee is working on more than one set-aside or reservation, the employee is working on multiple cost objectives, even if paid in full from a

single Federal award. If the employee is working on only one set-aside or reservation, the employee is working on a single cost objective.

- ESSA Schoolwide: If the employee works 100% of their time on a Title I, Part A Schoolwide campus and “Schoolwide Personnel” is checked on the BS6101 grant schedule and all the activities are allowable with Title I, Part A, this employee is working on a single cost objective.
- ESSA Consolidation of Administrative Funds: If the LEA consolidates their administrative funds from more than one Federal award and “Consolidated Administrative Funds” is checked “yes” on the BS6001 grant schedule and the LEA completes the “Consolidation of ESSA Administrative Funds” prior approval form and the employee works 100% of their time on administrative activities allowable under any of the programs that have been consolidated, this employee is working on a single cost objective. If the employee also works on activities that are not included in the consolidation of administrative funds, the employee is working on multiple cost objectives.

*Key to Determining Whether an Employee Works on a Single Cost Objective:*

If the employee’s compensation can be supported in full from each of the funding sources, if funds were sufficient, and all activities are allowable with each funding source, the employee is working on a single cost objective.

**Time Distribution Record Required for Single Cost Objective Employees:**

Semi-Annual Periodic Certification form with the following elements:

- Employer’s Name
- Employee’s Name and Position Title
- Single Cost Objective under which the employee worked (This is the activity, not the fund source. For example: special education program.)
- Fund source(s); Example: IDEA-B Formula. Example: IDEA-B Formula and state special education allotment.
- Reporting period (may be less than six months, but not exceed six months). The timeline for completion of the Periodic Certification for Federally Funded Employees will be once per academic semester to coincide with teaching assignments each semester. The immediate supervisor will submit all signed semi-annual certifications to the Special Revenue Department.
- 
- Statement that the employee worked solely (100% of the time) on the single cost objective
- Dated signature must be signed after-the-fact, on or after the ending date of the certification period, by the employee or the supervisor with first-hand knowledge of the employee’s

activities. The staff funded 100% from one grant source do not have to maintain 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 Periodic Certification for Federally Funded Employees found on the Intranet page.

- The Semi-Annual Periodic Certifications are submitted once per academic semester monthly to the immediate supervisor will submit all signed semi-annual certifications to the Special Revenue Department for review of accuracy and compliance with the requirements. The Semi-Annual Certificates are then forwarded to the Special Revenue Department for final approval and cost reconciliation.

The Program Manager will collect and review the Periodic Certification for Federally Funded Employees forms to ensure that every staff member and supervisor has certified their schedule is 100% grant related. All Periodic Certification for Federally Funded Employees forms will be forwarded to the Special Revenue Department for certification and filed for audit purposes.

#### *Alternatives to Semi-Annual Periodic Certification for Single Cost Objective Employees*

- Single Cost Objective employees working under a Federal program covered under the Ed-Flex Statewide Administrative Waiver
  - A signed and dated job description that identifies the fund source and clearly states the employee is assigned 100% to the single cost objective may be used in lieu of the Semi-Annual Periodic Certification
  - This exception is not applicable to employees working on multiple cost objectives
  - The LEA ensures the Ed-Flex waiver is in effect for the school year (refer to TEA's [Ed-Flex Waivers webpage](#))
  - The LEA ensures the specific Federal program is covered under the Ed-Flex waiver (refer to TEA's [Ed-Flex Waivers webpage](#)); Typically the covered programs are: Title I, Part A (other than section 1111); Title I, Part C; Title I, Part D; Title II, Part A; Title IV, Part A; Carl D. Perkins Career and Technical Education Act of 2006, as amended
  - The Special Revenue Department ensures adequate signed and dated job descriptions are on file for employees exempt from completing the Semi-Annual Periodic Certification for Single Cost Objective Employees
- Blanket Certification: In lieu of the Semi-Annual Periodic Certification for Single Cost Objective Employees, the LEA may implement Blanket Certifications

- The blanket certification contains all the elements of the Semi-Annual Periodic Certification but lists all the employee names working on the single cost objective and is signed by an LEA official
- The blanket certification reduces the administrative burden of individual certifications from each employee working on the single cost objective
- A separate blanket certification is completed for each specific single cost objective (for example, one blanket certificate would list all employees working on the special education cost objective, while a separate blanket certificate would list all employees working on a different cost objective).
- Auditors typically expect to see Semi-Annual Periodic Certifications for single cost objective employees, so if your LEA adopts the use of Blanket Certifications, refer the auditor to your procedures manual if the auditor questions costs for single cost objective employees

The LEA does not utilize Blanket Certifications for Semi-Annual Certification.

*Special Consideration for Employees Working Under a Single Cost Objective and Funded out of ESSER I, ESSER II, or ESSER III*

USDE guidance has indicated that time and effort documentation is not required for employees working under ESSER I, ESSER II, or ESSER III, except in certain instances of multiple cost objectives.

### ***Employees Working on Multiple Cost Objectives***

An employee is working on Multiple Cost Objectives if the employee works on:

- Multiple functions, grants, or activities, or student population types, that cannot allowably be fully funded from any of the fund sources alone, if funds were sufficient, such as:
  - Working on more than one Federal award, if the activities cannot allowably be fully funded from each Federal award
  - Working on a Federal award and non-Federal award, if the activities cannot allowably be fully funded from the Federal award alone
- An indirect cost activity and a direct cost activity
- An unallowable activity and an allowable direct cost activity or indirect cost activity
- Multiple student population types, if the activities cannot allowably be fully funded from any of the fund sources alone, if funds were sufficient

Additional considerations:

- If a required set-aside or reservation is identified in the grant application, that set-aside or reservation is a separate cost objective. If the employee is working on more than one set-aside or reservation, the employee is working on multiple cost objectives, even if paid in full from a single Federal award.
- ESSA Consolidation of Administrative Funds: If the LEA consolidates their administrative funds from more than one Federal award and the employee works 100% of their time on administrative activities allowable under any of the programs that have been consolidated, this employee is working on a single cost objective. If the employee also works on activities that are not included in the consolidation of administrative funds, the employee is working on multiple cost objectives.
- When a Federal award requires the provision of private, nonprofit (PNP) equitable services, the LEA must differentiate between public school services and private school services. Therefore, each student type is a separate cost objective. Services for public school students under the Federal award is one cost objective; Equitable services for PNP students under the Federal award is a separate, distinct cost objective. If the employee provides services to both public school students and PNP students, the employee is working on multiple cost objectives.

Examples of separate cost objectives for **IDEA-B Formula**:

- Program activities applicable to public school students with disabilities
- Private School Proportionate Share Services, applicable to parentally-placed private school children with disabilities (PS3502 grant schedule)
- Provision of CEIS (Coordinated Early Intervening Services) or CCEIS (Comprehensive CEIS) (BS6016 grant schedule)

*If an employee works on only one of these cost objectives, the employee is working on a single cost objective. If an employee works on more than one of these cost objectives, the employee is working on multiple cost objectives.*

Examples of separate cost objectives for **Title I, Part A** (includes, but may not be limited to):

- Title I, Part A campus-level program activities applicable to public school students
- PNP (Public Non-Profit) Equitable Services (program, not administrative) (PS3101 grant schedule)
- PNP Equitable Services Administration (PS3101 grant schedule)
- Administration of Title I, Part A programs, including administration of Title I, Part A programs for students at facilities for neglected and delinquent (PS3101 grant schedule)
- Districtwide Parent and Family Engagement activities (PS3101 grant schedule)

*If an employee works on only one of these cost objectives, the employee is working on a single cost objective. If an employee works on more than one of these cost objectives, the employee is working on multiple cost objectives.*

*Key to Determining Whether an Employee Works on Multiple Cost Objectives:*

If the employee's compensation cannot be supported in full from each of the funding sources because all the activities are not allowable with each funding source, or if the employee is working on more than set-aside or reservation within a grant, the employee is working on multiple cost objectives.

**Time Distribution Record Required for Multiple Cost Objectives Employees:**

Monthly PARs (Personnel Activity Reports) with the following elements:

- Employer's Name
- Employee's Name and Position Title
- Identification of each cost objective under which the employee worked (activities, not fund sources)
- Percent of Time worked on each cost objective
- Sum of cost objective percentages (must equal 100% to account for the total activity for which the employee is compensated)
- Fund sources
- Reporting Period (monthly)
- Dated signature must be signed after-the-fact, on or after the ending date of the certification period, by the employee
  - If employee unable to sign, the supervisor with first-hand knowledge of the employee's activities signs the form and notates that the employee is not available

The PARs are submitted monthly to the employees Supervisor for review of accuracy and compliance with the requirements. The PAR is then forwarded to the Special Revenue Department for final approval and cost reconciliation.

*Alternative to Monthly PAR for Multiple Cost Objectives Employees for Certain Employees*

In lieu of the monthly PAR, an employee who works on multiple cost objectives and has a set, pre-determined schedule and works on only one cost objective at a time, may use TEA's Substitute System of Time and Effort Reporting. Please see that section of the manual for more information.

*Special Consideration for Employees Working Under Multiple Cost Objectives and Funded out of ESSER I, ESSER II, or ESSER III*



USDE guidance has indicated that time and effort documentation is not required for employees working under ESSER I, ESSER II, or ESSER III, except in certain instances of multiple cost objectives.

In accordance with TEA guidance in the [FAQ-ESSER I, ESSER II, ESSER III](#) document, GF-Q38, "An LEA must maintain time distribution records (sometimes called "time and effort" reporting) only if an individual employee is 1) split-funded between ESSER and activities that are not allowable under the ESSER program, or 2) split-funded between ESSER and another fund source that requires time and effort documentation.

**1. For positions split-funded where the activities are not allowable under ESSER,** from the ESSER point of view it is likely there will be very few situations in which an employee of an LEA would perform multiple activities where some are not allowable under ESSER, and thus would be required to maintain time distribution records, given that an LEA is authorized to use funds on "activities that are necessary to maintain the operation of and continuity of services in [an LEA] and continuing to employ existing staff of the [LEA]" in order to "prevent, prepare for, and respond to the COVID-19 pandemic."

**2. If the position is funded between ESSER and another federal grant that requires time and effort, e.g., IDEA-B or other federal funds when it is not a single cost-objective,** then time and effort would be required from the other funding source's time and effort requirement. In this case, the ESSER funds would be reflected in the time and effort reporting with the IDEA-B funds for the staff member because federal regulations require that 100% of the person's time be reflected in the time and effort documentation."

### **Split-Funded Personnel**

Time and Effort applies to employees who do not work 100% of the time in a single grant, work under multiple grant programs, and work multiple cost objectives. Employees whose salaries are partially funded by federal grants or entitlements must maintain monthly time and effort records. This requirement is necessary to ensure salary charges to an award are supported and justified. Original copies of the Time and Effort Log for Split-Funded Personnel must be submitted to the Special Revenue Department by the 10th of the month following the time being recorded. (The employee should keep a copy for their records.) The final Time and Effort Log for Split-Funded Personnel for the school year must be completed and submitted to the Special Revenue Department the last day of the employee's contract. Time and

Effort Log for Split-Funded Personnel should not be completed and/or submitted in advance of the dates work is actually performed.

Time and Effort Log for Split-Funded Personnel should include the following documentation:

- Employee name and signature
- Actual hours worked (holidays and absences should be recorded where appropriate)
- Fund number and program name
- Brief description of job responsibilities (i.e. instructional aide, math staff development, academic support, reading teacher, etc.)

These employees are required to maintain a Time and Effort Log for Split-Funded Personnel found on the following Intranet page:

<https://nisd.net/employees/departments/special-revenue/documents/forms>

### ***Substitute System of Time and Effort Reporting***

In an effort to reduce the administrative burden of completing monthly PARs, an employee who works on multiple cost objectives and has a set, pre-determined schedule and only works on one cost objective at a time, may submit a semi-annual employee schedule and certificate by using TEA's Substitute System of Time and Effort Reporting.

The following eligibility criteria must be met:

- LEA **annually** submits the Management Certification Survey Form for approval to use the Substitute System of Time and Effort Reporting. The link to the management survey form and the submittal deadline are posted on TEA's [Substitute System of Time and Effort Reporting webpage](#).
- Employee **semi-annually** completes the Employee Schedule and Certification. The form is accessed on TEA's [Substitute System of Time and Effort Reporting webpage](#).
- The Employee Schedule and Certification is completed after-the-fact, to document time the employee has actually worked.

- The Employee Schedule and Certification must be signed by both the employee and the supervisor, after-the-fact.
- If the employee's schedule changes by more than 10 percent, a new Employee Schedule and Certification must be completed.
- The Employee Schedule and Certification is not submitted to TEA, but is kept locally.

The Substitute System of Time and Effort Reporting is not applicable to: (a) employees working on a Single Cost Objective, (b) employees who work on multiple cost objectives at the same time, or (c) employees who work on multiple cost objectives but do not have a set, pre-determined schedule and therefore doesn't know from day to day how much time will be spent on each cost objective.

LEA currently does not utilize the Substitute System of Time and Effort Reporting.

### ***Stipends, Supplemental Pay, Extra-Duty Pay***

Any form of compensation to the employee, whether paid in full or in part with Federal funds, requires time distribution records to ensure allocability to the Federal award.

Stipends, supplemental pay, and extra-duty pay must be applied consistently across the LEA.

The LEA must have a plan/agreement that governs the additional compensation, and must ensure the compensation is reasonable and necessary, meets the intent of the Federal program's statute and regulations, and aligns with an allowable program activity.

*Extra-Duty Pay* means additional compensation for performing duties that are not included in the employee's regular job description and are performed outside the employee's normal working hours. An example is performing after-school tutoring.

*Supplemental Pay, Stipends, or Other forms of Additional Compensation* include:

- Retention bonuses,
- Recruitment bonuses,
- Performance stipends,
- Higher Level of Pay for Advanced/Preferred Degree/Certification,
- Supplemental pay for additional responsibilities, such as acquiring professional development during the summer break

*Extra-Duty Pay Documentation Requirements:*

- Extra-Duty Pay Agreement between the employee and LEA that includes:
  - The reason for the additional compensation
  - A description of the duties/activities to be performed for the additional compensation

- The timeframe for carrying out the additional activities
- The documentation requirements to verify fulfillment/completion of the activities
- Documentation from employee that demonstrates the extra-duty pay activities were performed, such as timesheets, report of students served, etc.
- Time Distribution Report: Blanket Certification form completed by the LEA official that lists the employees who received extra-duty pay, purpose/cost objective, fund source, time period
- Current license or certification, if applicable to the Extra-Duty responsibilities

In conjunction with the Program Manager, Grants and Recognition, Special Revenue, and Payroll Department the LEA will ensure time and effort requirement for the required activities for Stipends, Supplemental Pay, Extra-Duty Pay are approved, monitored, and documents according.

*Documentation Requirements for Supplemental Pay for Additional Responsibilities, such as acquiring professional development during the summer break:*

- Supplemental Pay Agreement between the employee and LEA that includes:
  - The reason for the additional compensation
  - A description of the duties/activities to be performed for the additional compensation
  - The timeframe for carrying out the additional activities
  - The documentation requirements to verify fulfillment/completion of the activities
- Documentation from employee that demonstrates the supplemental pay activities were performed, such as certificate of attendance for professional development received
- Time Distribution Report: Blanket Certification form completed by the LEA official that lists the employees who received supplemental pay, purpose/cost objective, fund source, time period
- Current license or certification if applicable to the supplemental pay responsibilities

In conjunction with the Program Manager, Grants and Recognition, Special Revenue, and Payroll Department the LEA will ensure time and effort requirement for the required activities for Stipends, Supplemental Pay, Extra-Duty Pay are approved, monitored, and documents according.

*Documentation Requirements for Other Forms of Stipends or Supplemental Pay:*

If the employee receives a higher rate of compensation for having an advanced/preferred degree or certification or for recruitment/retention purposes, etc., and the compensation is included in the employee's base pay (employee receives a higher compensation rate):

- Payroll Authorization form or similar form to depict all fund source(s) and budgeted percentage(s) for compensation and include the reason for the higher compensation, if applicable. A Salary Schedule that depicts the compensation rates for employees, including higher rates for those with advanced/preferred degrees, etc., may also be used to document the justification for a higher rate of compensation.
- Job Description that clearly depicts the job duties/responsibilities, fund source(s), cost objective(s), responsibilities for each cost objective, if multiple cost objectives, type of Time Distribution record required, and how often the Time Distribution record must be completed
- Time Distribution record, based on whether single cost objective or multiple cost objectives
- Current license or certification, if applicable to the regular position

If the employee receives additional pay, separate from their regular compensation, as a stipend or supplemental pay for recruitment, retention, merit, performance, etc:

- Supplemental Pay Agreement or other type of Payroll Authorization/Acknowledgement form that depicts the reason and amount for the additional compensation
- Time Distribution Report: Blanket Certification form completed by the LEA official that lists the employees who received supplemental pay/stipend, purpose/cost objective, fund source, time period
- Current license or certification if applicable to the supplemental pay/stipend

### ***Substitute Teachers and Aides who are employees of the LEA (not contracted):***

Compensation for substitute teachers and aides follows the same funding distribution as the staff member for whom the substitute is working. If the staff member for whom the substitute is working is paid with Federal funds, a district official completes after-the-fact documentation that identifies the teacher or staff for whom the substitute is working, and the percentage of time applicable to each cost objective and enters this information into the district's Substitute System.

### ***Reconciliation and Closeout Procedures***

Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed to ensure proper allocation. Although budget estimates may be used for interim purposes, provided the estimates produce reasonable approximations of the activity actually performed, the LEA must review after-the-fact time distribution records and make all necessary adjustments to ensure the final amount charged to the Federal award is accurate, allowable, and properly allocated.

The Special Revenue Department will adjust the general ledger, as appropriate, after the Program Manager's reconciliation of the time and effort reports if adjustments are necessary. Time distribution records are collected and reviewed for accuracy and completeness.

### ***Job Descriptions***

Job descriptions are considered to be an internal control activity that signifies the employee's understanding of their job duties.

Signed and dated job descriptions are required for all employees paid from Federal funds. Employee job descriptions are signed and dated annually by the employee as acknowledgement that the employee has full knowledge of their duties and responsibilities and the programs under which they are working. Job descriptions are also signed and dated by the employee's immediate supervisor.

Employee job descriptions must be current. Job descriptions are reviewed annually. Job descriptions must be updated as new assignments are made. The Program Manager, in conjunction with the Human Resources department will monitor job descriptions to ensure they are kept up-to-date and that the job descriptions accurately and completely describe the work performed by the specific position.

Employee job descriptions must delineate all program or cost objectives under which the employee works. Job descriptions and duties must be specific to the particular grant program and clearly identify the functions and programs they benefit, including the fund source(s) from which the position is compensated. The Program Manager will ensure the job description aligns the activities of the position to the program goals of the fund source and ties the source of funds to the activity.

If a position benefits multiple cost objectives or programs, the job description will clearly define each cost objective and the responsibilities for each cost objective. The job description will indicate the type of time distribution record that must be completed and how often the record must be completed.

If a position benefits a single cost objective or program, the job description will clearly indicate the employee is assigned 100% to the program. If a position that benefits a single cost objective is funded through multiple sources, a sentence will be added to the job description stating that the position is supported by a single cost objective even though its funding is split among multiple sources.

If a position has administrative duties, the job description will clearly delineate the administrative activities and identify the percentage of administrative activities compared to program activities.

## **Travel Reimbursement**

### **Overview**

An LEA employee is entitled to reimbursement of certain travel expenses required by the LEA to conduct official LEA business, subject to certain limitations described throughout this manual.

Whenever Federal, state, and local travel policy differ, the most restrictive is followed.

The LEA must minimize the amount of travel expenses reimbursed by ensuring that each travel arrangement is the most cost-effective, considering all relevant circumstances.

The LEA will properly train employees on travel regulations and keep them informed of any changes in travel rules. The Business Office produces a comprehensive set of guidelines and procedures for Travel Expense Reimbursement. However, a brief recap of some pertinent travel information follows:

### **Prior Approval Required**

#### **For Non-Campus Based Personnel**

Registration, travel expenses, and room and board for District personnel must be approved by the Department Director and/or Executive Director on BUS-129 (Travel Authorization Request) prior to making any arrangements. (See Accounts Payable Travel at: <https://nisd.net/employees/departments/accounts-payable/documents/generalinformation>. Travel that includes more than five (5) District staff members traveling to the same location must be pre-approved collaboratively by the Department Director and the Assistant Superintendent or Deputy Superintendent. Reimbursements will not be paid in excess of approved budget allocations. The appropriate budget code account number must be indicated on all travel reimbursement reports. (See Administrative Reg. DEE (Local).)

#### **For Campus Personnel**

Registration, travel expenses, and room and board for campus personnel must be approved on form BUS-129 (Travel Authorization Request) by the campus principal's immediate supervisor prior to making any arrangements. Travel that includes more than five (5) campus staff members traveling

to the same location must be pre-approved collaboratively by the Departments of Instruction and Administration and aligned with the School/District Improvement Plan. Reimbursements will not be paid in excess of approved budget allocations. The appropriate budget code account number must be indicated on all travel reimbursement reports. (Board Policy DEE (Local).)

### Other Considerations

- Registrations, lodging, and airfare can be paid directly to the vendor in advance of the event.
- Original receipts are needed for parking, hotel, car rental, gasoline for rental car, registration, and any other expense other than meals. Meals are reimbursed on a per diem basis and receipts for meals are required. An employee must submit receipts and completed requests to Accounts Payable using the Employee Self Service (ESS) module in MUNIS for reimbursement as soon as possible upon return to the District, but in any case, within ten working days after travel is complete.
- The following expenses cannot be paid from District funds (including grants):
  - Entertainment expenses such as game tickets, movies, tour fees, etc.,
  - Alcoholic beverages
  - Personal convenience items
  - Snacks not purchased as part of a regular meal
  - Personal phone calls
  - Tips/gratuities
  - State of Texas sales tax for hotels (Hotel Occupancy)

The LEA ensures that all travel reimbursements are examined prior to payment to ensure compliance with all applicable regulations and limitations. The Business Office is responsible for this responsibility.

Employees must ensure that their travel complies with applicable laws and rules and must not seek reimbursement for travel expenses that the employee should reasonably know are not reimbursable.

When federal grant funds are used for travel expenditures, the obligation is made when the travel is taken, according to [34 CFR 76.707](#). Please see the Registration Fees section of this manual for information regarding LEA options for obligation of registration fees.

### Definitions Related to Travel

The following definitions were obtained from the Texas Comptroller of Public Accounts located at <https://fm.x.cpa.state.tx.us/fmx/travel/texttravel/gen/def/index.php> and modified to meet the LEA's circumstances.



*Business Day:* Any weekday except a weekday on which a national or state holiday occurs.

*Cancellation Charge:* A fee, charge or payment that a provider of travel services assesses because of the cancellation or change of a travel reservation or other travel plan. For example, a non-refundable purchase of an airline ticket becomes a cancellation charge when the ticket becomes unusable because of changed travel plans.

*Commercial Lodging Establishment:* (1) A motel, hotel, inn, apartment, house or similar establishment that provides lodging to the public for pay; or (2) A person or establishment that provides lodging for pay that the Comptroller determines to have a sufficient number of the characteristics of a commercial lodging establishment for the purposes of the Travel Regulations Act, [Texas Government Code Section 660.002\(5\)](#).

*Commercial Transportation Company:* A company or individual that transports people or goods at a cost.

*Comptroller:* The Comptroller of Public Accounts.

*Designated Headquarters:* The area within the boundaries of the city in which an LEA employee's place of employment is located. If an employee's place of employment is located within an unincorporated area, then the area within a five-mile radius of the place of employment is the employee's designated headquarters. If an incorporated municipality or an unincorporated area is completely surrounded by the incorporated municipality in which an employee's place of employment is located, then the employee's designated headquarters includes the surrounded municipality or area.

*Disability:* A physical or mental impairment of an individual that substantially limits one or more major life activities of the individual.

*Duty Point:* The destination, other than a place of employment, to which an LEA employee travels to conduct official LEA business. If the destination is outside the employee's designated headquarters, then the duty point is either the incorporated municipality in which the destination is located or the unincorporated area within a five-mile radius of the destination.

*Gratuity:* Something given voluntarily or beyond obligation, usually in response to or in anticipation of a service.

*Incidental Expense:* An expense incurred while traveling on official LEA business. The term includes a mandatory insurance or service charge and an applicable tax, except a tax based on the cost of a meal. The term does not include a meal, lodging or transportation expense, a personal expense, an expense an individual would incur regardless of whether the individual were traveling on official LEA business, a tip, or a gratuity.

*Lease:* A contract with a term of at least one month that gives the lessee possession and use of property or equipment while the lessor retains ownership of it.

*Lodging Expense:* A charge imposed by a commercial lodging establishment as consideration for providing lodging. The term does not include money paid as a donation, gratuity or tip to the establishment.

*Meal Expense:* The cost of a meal plus any tax that is based on the meal's cost. The term includes a mandatory service charge or fee imposed in conjunction with a meal. The term does not include a tip or gratuity.

*Non-Working Hours:* All hours in a calendar day except working hours.

*Place of Employment:* The office or other location at which an LEA employee most frequently conducts official LEA business.

*Rented or Public Conveyance:* A motor vehicle, train, aircraft, boat or bicycle that an LEA employee rents or pays a fare to use for a period of less than one month.

*Resort Fee:* A mandatory fee that a guest may be required to pay at a commercial lodging establishment in addition to the daily room rate. The fee is typically charged to all guests for the right to access various amenities at a hotel such as swimming pools, exercise facilities, daily newspaper delivery, printing of boarding passes and local telephone calls. May also be called a facility fee, a destination fee, an amenity fee or a resort charge.

*Travel Document:* A document that consists of one or more travel vouchers or transactions.

*Travel Expense:* A meal, lodging, transportation, or incidental expense.

*Travel Voucher/Form:* The paper or electronic form adopted or approved by the LEA that is completed for the purpose of (1) submitting a travel voucher on paper or electronically, (2) supporting the legality and fiscal responsibility of a travel payment or reimbursement, or (3) for both purposes.

*Work Day:* A day on which a particular LEA employee is regularly required to conduct official LEA business.

*Working Hours:* The hours during which an LEA employee is regularly scheduled to conduct official LEA business.

## Federal Regulations Related to Travel

Federal requirements related to travel, as indicated in [2 CFR §200.475](#), are listed below. In some instances, state and/or local rules are more restrictive and are notated. Whenever Federal, state, and local policy differ, the most restrictive is followed.

*General.* Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the LEA. Federal rules allow such costs to be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred\*, or on a combination of the two, provided the method used is applied to an entire trip and not selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the LEA's non-federally-funded activities and in accordance with the LEA's written travel reimbursement policies.

\*A per diem basis in lieu of actual costs is not allowable according to the more restrictive State rules. According to state rules, travel allowances in which the traveler receives a flat per diem for lodging and/or meals, regardless of the amount expended, are not allowable in Texas.

*Lodging and Subsistence.* Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the LEA in its regular operations as the result of its written travel policy. In addition, if these costs are charged directly to the Federal award, documentation must justify that: (1) participation of the individual is necessary to the Federal award; and (2) the costs are reasonable and consistent with the LEA's established travel policy.

*Temporary Dependent Care Costs.* Temporary dependent care costs (as dependent is defined in [26 U.S.C. 152](#)) **above and beyond** regular dependent care that directly results from travel to conferences is allowable provided that: (1) the costs are a direct result of the individual's travel for the Federal award; (2) the costs are consistent with the LEA's documented travel policy for all entity travel [which means the LEA also allows these costs with state/local funds for non-Federal award travel]; and (3) are only temporary during the travel period. Travel costs for dependents are unallowable, except for travel of duration of six months or more with prior approval of the federal awarding agency.

The LEA does not allow temporary dependent care costs, as described above, with state and/or local funds for non-federally funded travel, and therefore, such costs are not allowable with federal funds.

*Commercial Air Travel.* Airfare costs in excess of the basic least expensive unrestricted accommodations class offered by commercial airlines are unallowable except when such accommodations would: (1) require circuitous routing; (2) require travel during unreasonable hours; (3) excessively prolong travel; (4) result in additional costs that would offset the transportation savings; or (5) offer accommodations not reasonably adequate for the traveler's medical needs. The LEA must justify and document these conditions on a case-by-case basis in order for the use of first-class or business-class airfare to be allowable in such cases.

In rare and special circumstances, the Business office may approve first-class or business class airfare. Documentation for this circumstance includes all district required travel documentation and a written justification explaining why this type of airfare is appropriate.

## State Regulations and Local Policy & Procedures for Travel Reimbursement

State travel rules are more restrictive than the federal requirements, therefore, state rules are followed. If local rules are more restrictive, they are notated in this manual accordingly. Mileage, lodging, and meal reimbursement rates and rules published by the Texas Comptroller of Public Accounts ("Comptroller") on the [Textravel](#) webpage apply to all grants funded by TEA for individuals on travel status.

### ***Out-Of-State Travel***

The LEA will follow TEA guidelines for Federally funded program-related out-of-state travel, including required justification. The LEA must maintain appropriate documentation that the out-of-state travel is reasonable, necessary, allocable to the Federal grant program, and has a programmatic purpose. If the professional development is available in-state, the cost of out-of-state travel is not considered reasonable.

If out-of-state travel is identified as allowable by program guidelines associated with the Federal grant, and the LEA chooses to use grant funds for out-of-state travel, the LEA must complete and retain locally TEA's "[Justification for Out-of-State Travel](#)" form. The form is accessible on TEA's "[Forms for Prior Approval, Disclosure, and Justification](#)" webpage.

The Accounts Payable Department determines out-of-state travel is reasonable and necessary and has a programmatic purpose. The Justification form is maintained in the Accounts Payable Intranet website under Travel & Employee Reimbursement.

### ***Transportation Expenditures: Mileage in Personal Vehicle***

An employee is entitled to be reimbursed for mileage incurred to conduct LEA business.

The reimbursement may not exceed the product of the actual number of miles traveled for business and the maximum reimbursement rate posted on the Comptroller's Textravel webpage for [Current Rates](#).

The LEA is not required to reimburse employees at the maximum rate, but may specify a mileage reimbursement rate that is lower than the maximum allowable rate per mile posted on the Comptroller's Textravel webpage for [Current Rates](#). The LEA must notify affected individuals in writing about the lower rate before implementing it.

Our LEA's allowable rates of reimbursement are the lesser of the federal rates or local rates. The mileage reimbursement rates are maintained in the Accounts Payable Intranet website under Travel & Employee Reimbursement. Updates are in MUNIS Resource Center.

The number of reimbursable miles may not exceed the number of miles of the most cost-effective, reasonably safe route between an employee's origin of travel and the final duty point. In determining the most cost-effective reasonably safe route, the LEA may consider the route that provides the shortest distance, the quickest drive time or the safest road conditions.

The number of miles traveled by an employee for LEA business may be determined by point-to-point itemization. Point-to-point mileage may be documented by an employee's vehicle odometer reading or by a readily available online mapping service. The LEA must adopt by internal policy one online mapping service to be used by LEA employees. The LEA adopts the District's Accounts Payable intranet site or another outside source such as "map quest" to be used. The itemization must be sufficiently detailed for the LEA to verify the number of miles.

Note: an increase in the number of miles incurred due to an employee receiving inadequate directions or being lost is not reimbursable.

The LEA may determine when it is appropriate to reimburse an employee for mileage between a residence and an airport. The mileage reimbursement is limited to the cost of one two-way trip to and from the airport in the employee's personal vehicle plus parking at the airport. The LEA may determine when it is appropriate to reimburse the mileage costs associated with transporting an employee to (two-way trip) and from (two-way trip) the airport.

An employee may not be reimbursed for mileage incurred in traveling between the employee's residence and place of employment in a personally owned or leased motor vehicle unless the travel is necessitated by extraordinary circumstances and occurs outside of the hours the employee is working. The same restrictions and requirements that apply to the use of a personally owned vehicle apply to an employee's use of mass transit, taxi, or limousine when traveling between an employee's residence and place of employment.

## Documentation Requirements for Mileage Reimbursement:

If the employee's odometer is used to determine the number of miles between points, then the supporting documentation must include a point-to-point mileage itemization. If a readily available mapping service is used to determine the number of miles, the name of the service used must be documented. If the employee does not use the online mapping service adopted by the LEA for mileage reimbursement purposes, justification must be given.

### ***Transportation Expenditures: Rental Vehicles***

An employee is entitled to reimbursement for the cost of renting a vehicle to conduct LEA business.

The reimbursement includes all applicable taxes and mandatory charges. It also may include a charge for a collision damage waiver or a loss damage waiver if not already included in the contracted rate for the rental. A charge for an additional driver may only be reimbursed if incurred for a business reason. A charge for a liability insurance supplement, personal accident insurance, safe trip insurance or personal effects insurance is not reimbursable.

When at least two LEA employees share a rental vehicle, each employee is entitled to be reimbursed for their share of the rental cost.

Please see Budget and Finance Regulation Identifier BUS-05:

### PRIVATE VEHICLE REIMBURSEMENT

Reimbursement for mileage will be paid at the rate established by the state for state employees. Mileage claimed should be supported by either the District's in-district mileage chart found in the District's Accounts Payable intranet site or another outside source such as "map quest". The rate for the use a private truck associated with the Vocational Agriculture program is \$0.15 above the state rate. Except for tolls and parking lot fees incurred in the transaction of school district business, no additional expense incidental to the operation of the traveler's personal vehicle is reimbursable. Reimbursements for approved mileage that do not meet normal business expense criteria in IRS regulations may be taxable to the employee and reported as taxable benefits on the employee's W-2. For out-of-state travel in a personal car, mileage claimed may not exceed the lowest airline fares to the same destination or nearest air service to the destination. When several employees are traveling by personal car to the same destination, car-pooling should be considered.

Requests for mileage reimbursement should be submitted timely through Employee Self Service (ESS) with the following attachments:

- Form BUS-005 (Monthly Mileage Reimbursement) Single trip reimbursement requests do not require form BUS-005 to be attached.
- Mileage calculation chart (In-district chart or outside source)
- Form BUS-129 (Travel Authorization Request)

#### Documentation Requirements for Rental Vehicle Reimbursement:

To be reimbursed for a rental expense, the employee must provide proof that the expense was incurred. A complete receipt issued by the rental company serves this purpose.

The receipt must include the following:

- The name of the rental company
- The name of the employee renting the vehicle
- The starting and ending dates of the rental
- An itemization of expenses incurred
- Proof of payment

If the receipt does not include all of the above listed items, the rental contract may also be included to provide that information.

#### ***Transportation Expenditures: Mass Transit, Taxis, or Limousine***

An employee is entitled to be reimbursed for the actual cost of transportation by bus, subway, other mode of mass transit or taxi if incurred to conduct LEA business. The cost is only reimbursable if provided by a commercial transportation company.

An employee is entitled to be reimbursed for the actual cost of transportation provided by a network transportation driver (Uber, Lyft, etc.) if incurred to conduct LEA business and if it was the most cost-effective mode of transportation available considering all relevant circumstances.

An employee is entitled to be reimbursed for the actual cost of transportation by limousine only if it was the most cost-effective mode of transportation available considering all relevant circumstances.

If a taxi or limousine is shared by two or more employees, only the employee who paid for the transportation may be reimbursed for that expense. The other employees may be reimbursed only for charges imposed on an individual-by-individual basis.

#### Documentation Requirements for Mass Transit, Taxi, or Limousine:

State law does not require a receipt for reimbursement of travel by bus, subway, other mode of mass transit, taxi, limousine or network transportation driver; however supporting documentation must itemize the date and the fare charged for each trip.

Transportation – transportation expenses will be allowed for reasonable expenses such as flight, rental car, taxi, shuttle, mileage reimbursement, etc. (in accordance with local travel guidelines). Receipts will be required for all transportation expenses to the extent that a receipt is available. Transportation expenses will be reasonable and limited to the guidance in the cost principles.

#### ***Transportation Expenditures: Commercial Air Transportation***

An employee is entitled to be reimbursed for the actual cost of commercial air transportation incurred to conduct LEA business. The reimbursement may not exceed the cost of the lowest available airfare between the employee's designated headquarters and the employee's duty point.

Registrations, lodging, and airfare can be paid directly to the vendor in advance of the event.

Charges for excessive baggage may be reimbursed as long as the travel is related to LEA business and the LEA determines the reasonableness for the reimbursement and the number of bags necessary.

#### Documentation Requirements for Commercial Air Transportation:

For an employee to be reimbursed for a commercial air transportation expense, the employee must provide proof that the expense was incurred. A complete passenger receipt issued by a commercial airline company or an itinerary issued by the company or a travel agency serves this purpose.

The receipt or itinerary must include the following:

- The name of the employee and airline
- The ticket number
- The class of transportation
- The travel dates
- The amount of the airfare
- The origin and destination of each flight
- Proof of payment



### ***Transportation Expenditures: Parking***

The LEA may reimburse an employee for a parking expense incurred while traveling in a personally owned or leased vehicle, rental vehicle, or LEA-owned or leased vehicle. Parking reimbursement will not be paid if none of the mileage or rental cost is reimbursable.

#### **Documentation Requirements for Parking:**

Original receipts are needed for parking, hotel, car rental, gasoline for rental car, registration, and any other expense other than meals.

### ***Transportation Expenditures: Tolls***

The LEA may reimburse an employee for tolls when the employee travels in a personally owned or leased vehicle, rental vehicle, or LEA-owned or leased vehicle. Tolls reimbursement will not be paid if none of the mileage or rental cost is reimbursable.

#### **Documentation Requirements for Tolls:**

Original receipts are needed for parking, hotel, car rental, gasoline for rental car, registration, and any other expense other than meals.

### ***Transportation Expenditures: Four-Per-Car Rule***

When LEA employees travel on the same dates with the same itinerary, they must coordinate travel. When four or fewer employees travel on the same itinerary, only one may be reimbursed for mileage. When more than four employees travel on the same itinerary, only one out of every four may be reimbursed for mileage.

### ***Meals Expenditures***

An LEA may be reimbursed for a meal expense incurred on a day that the LEA conducts LEA business outside their designated headquarters. The meal expense is only reimbursable if the employee is outside their designated headquarters for at least six consecutive hours.

Meal expenses incurred while traveling to and staying at a duty point the day before LEA business begins and traveling from a duty point the day after LEA business ends are reimbursable. Meal expenses incurred more than one day before or after the LEA business begins or ends are not reimbursable unless the expenses are incurred to qualify for a discount airfare or travel to and from the duty point reasonably requires more than one day.

The employee may only be reimbursed for their actual meal expense not to exceed the maximum meal reimbursement rate for that location. The state travel expense reimbursement rate is not a per diem. The maximum should not be claimed unless the actual expenditures equal or exceed the maximum allowable rate. The reimbursement limit applies without a carry-over from another day.

In-state and out-of-state meals rates are posted on the Comptroller's Textravel webpage for [Current Rates](#).

When an employee travels to more than one duty point outside the employee's designated headquarters without an intermediate return to the headquarters, then the maximum meal reimbursement for the day is equal to the highest of the maximum rates for the duty points visited.

Direct payment of meal expenses: If an LEA directly pays a commercial lodging establishment, a credit card issuer or a travel agency for lodging expenses incurred by the LEA's employee, the LEA may also directly pay meal expenses incurred by the employee at the lodging establishment.

#### Prohibited Meal Reimbursements:

- *Meal expenses incurred within a designated headquarters:* The LEA may not reimburse an employee for a meal incurred within the employee's designated headquarters unless it is mandatory and connected with training, a seminar or a conference.
- *Meal expenses incurred while not conducting LEA business:* An employee may not be reimbursed for a meal expense incurred while not conducting LEA business unless an exception applies. Exceptions are outlined on the Comptroller's Textravel webpage for [Exceptions](#).
- *Gratuities:* Tips or gratuities paid in conjunction with meal expenses are generally not reimbursable. A "mandatory" service charge may only be reimbursed if the service charge is imposed by an establishment and cannot be refused by the customer.
- *Alcoholic beverages:* The LEA may not reimburse an employee for the purchase of an alcoholic beverage.

#### Documentation Requirements for Meals:

Meal receipts are not required by law. However, an LEA may establish an internal policy that employees must submit receipts for meals as a condition for reimbursement.

Meals are reimbursed on a per diem basis and receipts for meals are required. An employee must submit receipts and completed requests to Accounts Payable using the Employee Self Service (ESS) module in MUNIS for reimbursement as soon as possible upon return to the District, but in any case, within ten working days after travel is complete. The following expenses cannot be paid from District funds (including grants):

- Entertainment expenses such as game tickets, movies, tour fees, etc.,
- Alcoholic beverages

- Personal convenience items
- Snacks not purchased as part of a regular meal
- Personal phone calls
- Tips/gratuities
- State of Texas sales tax for hotels (Hotel Occupancy Tax Exemption Certificate should be submitted to the hotel upon arrival).

### ***Meal Reimbursement: Non-Overnight Travel***

If an employee on non-overnight travel receives reimbursement for meals, this amount would be considered income and must be reported on the employee's W-2 tax form.

### ***Lodging Expenditures***

An employee is entitled to be reimbursed for lodging expenses incurred on a day that the employee conducts LEA business outside their designated headquarters. The lodging expense may only be reimbursed if it is incurred at a commercial lodging establishment. The LEA may not be reimbursed for a lodging expense incurred while not conducting LEA business unless an exception applies. Exceptions are outlined on the Comptroller's Textravel webpage for [Exceptions](#).

Lodging expenses incurred the night before LEA business begins and the night after LEA business ends are reimbursable. Lodging expenses incurred more than one night before or after the LEA business begins or ends are not reimbursable unless the expenses are incurred to qualify for discount airfare or if travel to or from the duty point reasonably requires more than one day.

The LEA may directly pay a commercial lodging establishment, a credit card issuer or a travel agency for lodging expenses incurred by the LEA's employees.

The LEA will use contract travel services, if available, whenever those services provide the most efficient travel resulting in the total lowest cost.

The employee may only be reimbursed for their actual lodging expense not to exceed the maximum lodging rate for that location. The state travel expense reimbursement rate is not a per diem. The maximum should not be claimed unless the actual expenditures equal or exceed the maximum allowable rate. The reimbursement limit applies without a carry-over from another day.

The LEA must use the Federal rates provided by the General Services Administration (GSA) for both in-state and out-of-state travel within the contiguous United States. GSA rates may be accessed at the Comptroller's Textravel webpage for [Current Rates](#) or accessed directly at the [GSA Per Diem Rates webpage](#). Federal travel regulations are typically updated on October 1; however, changes may be made at any time during the year. It is possible for two sets of rates to apply to a

single trip. If employees are traveling when the rates change, they must use the rates in effect on each specific day of travel.

#### Increasing the Maximum Lodging Rate:

Under certain circumstances, the maximum lodging rate may be increased.

- *Requesting a higher maximum lodging reimbursement rate:* The LEA may determine that local conditions necessitate an increase in the lodging rate for a particular location for both in-state and out-of-state travel.
- *Reducing meal reimbursement rate to increase lodging rate:* The LEA may claim less than the maximum meal reimbursement rate for a duty point and use the amount of the reduction to increase the maximum lodging reimbursement rate for the duty point. This is allowable for in-state and out-of-state travel.

All employees must fill out and submit a Travel Authorization Request form to their administrator before any travel takes place. The administrator is responsible for reviewing and approving the estimated costs of travel and determining the funding. Once approved, all employees must follow the Budget and Finance Regulation Identifier: BUS-05 "Travel Expenses and Reimbursements". The following statement on page 4 in the BUS-05 covers any or all expenses that are outside the norm. OTHER EXPENSES - Expenses which are considered reasonable and necessary shall be reimbursed upon presentation of proper documentation (receipts). These expenses may not include items for personal convenience such as valet service and other personal hotel expenses

#### Sharing Lodging:

- *When each individual sharing lodging is an LEA employee:* When at least two LEA employees share lodging, the LEA must reimburse each employee for their share of the lodging expense. The reimbursement to each employee may not exceed the applicable maximum lodging reimbursement rate. Each employee must submit a travel voucher to receive reimbursement.

Example: Carol and Jennifer are employed by the same LEA and are planning a business trip to Colorado. The maximum lodging rate for the area in Colorado where they will be staying is \$90. The women would prefer to stay at a specific hotel that is most convenient to the location of their business meeting. The only problem is that the room rate in this hotel is \$140. Carol and Jennifer decide to share a room so they can stay in the hotel of their choice. The women are charged the \$140 per night, but since each woman would be allowed up to \$90 per night, the lodging cost is reimbursable. Carol and Jennifer may each claim their share of the lodging expense, which is \$70 per night.

- *When only one of the individuals sharing lodging is an LEA employee:* The LEA must reimburse the employee the room rate for a single occupancy or the applicable maximum lodging rate, whichever amount is less.

Inability to obtain reasonable lodging within the duty point:

An employee may be reimbursed for lodging and meals obtained outside of the duty point if the employee was unable to obtain reasonable lodging within the duty point. The lodging expense reimbursement may not exceed the maximum lodging reimbursement rate for the location where the location is obtained. In this situation, the meal expense reimbursement may not exceed the greater of the maximum meal reimbursement rate for the employee's duty point or the maximum meal reimbursement rate for the location where the lodging is obtained.

Multi-day travel to duty point:

When traveling to or from a duty point reasonably requires more than one day, the maximum amount the LEA may reimburse the employee for meal expenses incurred during that day is equal to the maximum meal reimbursement rate for the location in which the lodging was obtained on that day. If lodging is not obtained on that day, then the maximum reimbursement is equal to the maximum rate for the location in which lodging was obtained on the day after or prior. The maximum per commercial lodging establishment that an LEA may reimburse the employee for lodging expenses incurred on a day is equal to the maximum lodging reimbursement rate for the location in which lodging is obtained.

Documentation Requirements for Lodging:

To be reimbursed for a lodging expense, the employee must provide proof that the lodging expense was incurred. This normally takes the form of a lodging receipt.

A lodging receipt issued by a commercial lodging establishment, a travel agency or a broker is acceptable and must include the following:

- The name and address of the commercial lodging establishment
- The name of the employee
- The single room rate
- A daily itemization of the lodging charges
- Proof of payment

### ***Lodging: Hotel Occupancy Taxes***

An LEA employee is exempt from paying the state hotel occupancy tax. The employee is not exempt from paying the county or municipal hotel occupancy tax.

Other Considerations. The following expense cannot be paid from District funds (including grants): State of Texas sales tax for hotels (Hotel Occupancy Tax Exemption Certificate should

be submitted to the hotel upon arrival). Please refer to the Accounts Payable “Travel Procedures” located in the Accounts Payable Department Intranet website.

*Exception for travel outside Texas:* The employee traveling outside Texas shall be reimbursed for their required payment of hotel occupancy or similar taxes. The taxes are classified as an incidental expense and not as a lodging expense for the purpose of the maximum reimbursement rate for lodging expenses.

### ***Travel Cancellation Charges***

The LEA may reimburse an employee for a cancellation charge, related to a travel expense, if the charge is incurred:

- For a reason related to LEA business, or
- For a reason related to LEA business that could not be conducted because of a natural disaster, or
- Because the employee was unable to use transportation that was paid in advance to obtain a cost savings because that employee was ill or had a personal emergency

Please see the Considerations for Disasters or Unexpected Events section of this manual for information regarding Expenditures for Cancelled Services and Travel During Disasters or Unexpected Events.

### ***Discounts and Travel Expenses at No Cost***

An employee may not be reimbursed for a travel expense unless the employee has incurred the expense.

An employee who receives free transportation or lodging in exchange for mileage, points, or other non-monetary credits has not incurred an expense for reimbursement purposes.

An employee may not be reimbursed for the value or cost of a discount on a travel expense unless the employee paid money to obtain the discount. If the employee paid money to obtain a discount, the employee may be reimbursed the lesser of: the cost of obtaining the discount; and the amount of the discount; and the maximum that may be reimbursed to an employee for the type of travel expense incurred. If the employee receives a discount as a benefit of making unrelated purchases or conducting unrelated business with the provider of the discount, the discount is considered to be provided free to the employee.

An employee may be reimbursed for travel expenses incurred while staying extra days at a duty point to qualify for discount airfare if:

- The amount of the reimbursement plus the amount of the discount airfare is less than the contract airfare or average coach airfare that would be available had the employee not stayed extra days at the duty point; and

- The expenses are the same type of expenses incurred during the other days at the duty point; and
- The LEA determines that the employee's absence for the extra days is not detrimental

*Discounts for frequent use of a commercial lodging establishment:*

Travel discounts or bonuses earned from travel paid with public funds can only be used for a private purpose if it cannot be used for a public purpose. The LEA determines whether a discount or bonus can be used for a public purpose.

A discount or award given for travel, such as frequent flyer miles, rental car or hotel discounts or food coupons, are not things of value belonging to the LEA and may be used by the employee.

***Registration Fees***

In accordance with [34 CFR 76.707](#), the obligation for travel occurs when the travel is taken, which means Federal funds cannot be used for travel expenditures until the travel occurs. The LEA must use a different fund source to pay for expenditures in advance and then reimburse with Federal funds on or after the day of travel.

In accordance with [34 CFR 76.707](#), the obligation for personal services by a contractor who is not an employee of the LEA occurs on the date on which the LEA makes a binding written commitment to obtain the services.

In accordance with TEA guidance regarding registration fees, in the TEA [EDGAR FAQ document](#), Q,5.3, the LEA has a discretion on how to incur and code the obligation for registration fees: either as travel or as personal services by a contractor.

If obligated as travel (64xx), the registration fee is obligated the day the conference or meeting begins and may not be paid with Federal funds until the travel is taken.

If obligated as personal services by a contractor (62xx), the registration fee is obligated the day the registration is submitted and Federal funds may be used at that time. The benefit of obligating registration fees as personal services by a contractor is that the LEA may benefit from reduced cost registration fees when registering early for conferences or trainings.

Regardless of how the LEA chooses to treat the obligation of registration costs, the LEA must be consistent in its treatment.

Registration fees – registration fees will be allowable if the event is related to grant activities. Registration fees may be paid from the current grant period for an event during the next grant period only if there is an absolute deadline to register for the event. Early registration deadlines will not apply. Recreational or social events subject to an additional fee, above and beyond the registration fee, will not be allowed with grant funds

### ***Travel Requests and Approval Process***

The District may use federal grant funds for travel costs. All travel-related expenditures from grant funds will comply with the allowable federal cost principles, the State TextTravel Guidelines, School Board Policy and the District's travel guidelines as applicable (See travel guidelines under the Accounts Payable Section of this manual). The allowable rates of reimbursement will be the lesser of the federal rates or local rates. The travel-related expenditures with grant funds will fall within the grant period, unless a specific exception is allowable by the granting agency.

## **Record Retention and Access**

Records Related to Grant Funds [34 CFR §76.730](#) and Compliance [34 CFR §76.731](#)

Requirement:

The LEA shall keep records that fully show:

- The amount of funds under the grant or subgrant
- How the LEA uses the funds
- The total cost of the project
- The share of that cost provided from other sources
- Other records to facilitate an effective audit

The LEA shall keep records to show its compliance with program requirements.

Implementation:

Prior to implementation, Program Managers must develop a recordkeeping system conducive to the collection, storage, and retrieval of programmatic information for reports. Program records must be retained for a minimum of five (5) years after Fiscal Year End of the year the grant expires in the event the funding agency conducts an audit (unless otherwise specified by the funding agency). Examples of program records that should be retained include:

- Purchase orders
- All Budget and financial records and financial reports
- Participant data
- Professional development records
- Letters developed for the program
- Parental involvement information
- Time & Effort and/or Periodic Certification forms
- Matching/In-Kind support documentation
- Copies of Activity/Progress reports, etc.



## Retention Requirements for Records [2 CFR §200.334](#)

### Requirement:

Financial records, supporting documents, statistical records, and all other LEA records pertinent to a Federal award must be retained for a period of three\* years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity (TEA).

\*Although the Uniform Guidance [2 CFR §200.334](#) requires record retention for three years, the General Education Provision Act (GEPA) – Enforcement, stipulates that USDE is authorized to seek recovery of misspent funds within five years from the time the LEA received a notice of disallowance decision. [34 CFR §81.31\(c\)](#)

Therefore, the LEA should retain records for a minimum of five years rather than three years. The LEA retains records for five years.

### Exceptions:

- If any litigation, claim, or audit is started before the expiration of the retention period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.
- When the LEA is notified in writing by the Federal awarding agency, cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or pass-through entity to extend the retention period.
- Retention period for records for real property and equipment starts after final disposition.
- When records are transferred to or maintained by the Federal awarding agency or pass-through entity, the retention requirement is not applicable to the LEA.
- Records for program income transactions that occur after the period of performance: In some cases, recipients must report program income after the period of performance. When there is such a requirement, the retention period for the records pertaining to the earning of the program income starts from the end of the LEA's fiscal year in which the program income is earned.
- Indirect cost rate proposals and cost allocation plans: This applies to the following types of documents and their supporting records:
  - Indirect cost rate computations or proposals
  - Cost allocation plans
  - Any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates)

If submitted for negotiation: If the proposal, plan, or other computation is required to be submitted to the Federal Government (or to the pass-through entity) to form the basis for

negotiation of the rate, the retention period for its supporting records starts from the date of such submission.

If not submitted for negotiation: If the proposal, plan, or other computation is not required to be submitted to the Federal Government (or to the pass-through entity) for negotiation purposes, then the retention period for the proposal, plan, or computation and its supporting records starts from the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.

#### Implementation:

The District will 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 will 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 will be as noted below: Programmatic reports such as activity, progress and evaluations – Grants & Recognitions Department and Program Managers Expenditure reports such as interim, drawdown and final expenditure reports – Special Revenue Department Compliance reports such as Comparability, Maintenance of Effort, Indirect Cost, etc. – Special Revenue Department Highly Qualified Staff reports – Grants & Recognitions and Human Resources Departments

The Program Manager, Grants & Recognitions and Special Revenue Departments will monitor the overall master lists to ensure reporting requirements have been completed by the appropriate campus and/or department(s) and all records retained.

#### Requests for Transfer of Records [2 CFR §200.335](#)

##### Requirement:

The Federal awarding agency must request transfer of certain records to its custody from the LEA when it determines that the records possess long-term retention value. However, in order to avoid duplicate record-keeping, the Federal awarding agency may make arrangements for the LEA to retain any records that are continuously needed for joint use.

##### Implementation:

The LEA will comply with instructions from the Federal awarding agency, as applicable.

#### Methods for Collection, Transmission, and Storage of Information [2 CFR §200.336](#)

#### Requirement:

The Federal awarding agency and the LEA should, whenever practicable, collect, transmit, and store Federal award-related information in open and machine-readable formats rather than in closed formats or on paper in accordance with applicable legislative requirements.

A machine-readable format is a format in a standard computer language (not English text) that can be read automatically by a web browser or computer system. The Federal awarding agency or pass-through entity must always provide or accept paper versions of Federal award-related information to and from the LEA upon request.

If paper copies are submitted, the Federal awarding agency or pass-through entity must not require more than an original and two copies. When original records are electronic and cannot be altered, there is no need to create and retain paper copies. When original records are paper, electronic versions may be substituted through the use of duplication or other forms of electronic media provided that they are subject to periodic quality control reviews, provide reasonable safeguards against alteration, and remain readable.

#### Implementation:

Records may be maintained in a paper and/or electronic format.

In accordance with federal regulations, the District will maintain the grant-related records in an open and machine readable format. Currently, the District may use the following formats and systems to store electronic data.

- Formats: Microsoft products such as Word, Excel, Access, etc.
- Systems: Financial Management System, Munis, Assets, Purchasing, Winocular

Each Program Manager will retain records for their respective programs for a minimum period of five (5) years after Fiscal Year End of the year the grant expires. After the five year period expires, the Program Manager may transfer all records to the District's RMO.

Destruction of records, at the expiration of the records, will also be in accordance with the Texas State Library and Archives Commission (TSLAC) SD & GR Retention Schedules (Links: Schedule GR and Schedule SD). The Destruction Schedules are permanent documents revised by TSLAC. Authorization from respective department directors must be obtained prior to destruction of records. Unless a record that has been destroyed is specifically listed on a Destruction Schedule, it is presumed to still exist. [Note: Documents pertaining to grant-funded construction projects are not subject to these guidelines, as construction project records are predominantly permanent.]

All questions related to the retention, destruction, and/or addition of new record series will be directed to the District's Records Management Officer (RMO).

## Access to Records [2 CFR §200.337](#)

*Records of non-Federal entities.* The Federal awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, must have the right of access to any documents, papers, or other records of the LEA which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the LEA's personnel for the purpose of interview and discussion related to such documents.

*Extraordinary and rare circumstances.* Only under extraordinary and rare circumstances would such access include review of the true name of victims of a crime. Routine monitoring cannot be considered extraordinary and rare circumstances that would necessitate access to this information. When access to the true name of victims of a crime is necessary, appropriate steps to protect this sensitive information must be taken by both the LEA and the Federal awarding agency. Any such access, other than under a court order or subpoena pursuant to a bona fide confidential investigation, must be approved by the head of the Federal awarding agency or delegate.

*Expiration of right of access.* The rights of access in this section are not limited to the required retention period but last as long as the records are retained. Federal awarding agencies and pass-through entities must not impose any other access requirements upon non-Federal entities.

## Restrictions on Public Access to Records [2 CFR §200.338](#)

No Federal awarding agency may place restrictions on the LEA that limit public access to the records of the LEA pertinent to a Federal award, except for protected personally identifiable information (PII) or when the Federal awarding agency can demonstrate that such records will be kept confidential and would have been exempted from disclosure pursuant to the Freedom of Information Act ([5 U.S.C. 552](#)) or controlled unclassified information pursuant to Executive Order 13556 if the records had belonged to the Federal awarding agency.

The Freedom of Information Act ([5 U.S.C. 552](#)) (FOIA) does not apply to those records that remain under an LEA's control except as required under [§200.315](#). Unless required by Federal, state, or local statute, LEAs are not required to permit public access to their records. The LEA's records provided to a Federal agency generally will be subject to FOIA and applicable exemptions.

### Implementation:

District staff handles and/or processes a substantial amount of confidential information. All staff is strictly prohibited from revealing confidential information to an unauthorized individual. Unless

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

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 will 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 will transfer the records to the requesting federal agency.

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

## **Self-Monitoring and Audit Resolution**

### Self-Monitoring and Reporting Program Performance [2 CFR §200.329](#)

#### Requirement:

The LEA is responsible for oversight of the operations of the Federal award supported activities. The LEA must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring by the LEA must cover each program, function, or activity.

The LEA must submit performance reports at the interval required by the Federal awarding agency or pass-through entity to best inform improvements in program outcomes and productivity.

*Construction performance reports:* For the most part, onsite technical inspections and certified percentage of completion data are relied on heavily by Federal awarding agencies and pass-through entities to monitor progress under Federal awards and subawards for construction.

#### Implementation:

The District will ensure that all grant funds are consistently monitored throughout the grant period. The monitoring will 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 Program Manager for each grant will be primarily responsible for all aspects of program implementation to include programmatic, fiscal and evaluation. The Special Revenue Department will review expenditures for accuracy before submitting for a final draw and, if needed, recommend changes in coding and/or funding source.

The Program Manager will monitor the timing of grant activities throughout the grant period, especially as they relate to the desired outcomes. The Special Revenue Department will 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 Program Manager, Grants & Recognitions Department, and the Special Revenue Department will work collaboratively to develop an action plan to ensure that the federal grant goals are met. The oversight of grant activities and expenditures will include, but not be limited to, the following:

- Cost overruns or high unit costs
- Significant developments that may result in an inability to complete the grant activities

The District will 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 will be addressed in a timely manner upon receipt of the notification. The Program Managers and other appropriate departments work collaboratively to develop and implement a Corrective Action Plan to resolve the findings or deficiencies. The Superintendent, or designee, will approve the Corrective Action Plan and monitor the timely implementation of corrective strategies.

The District will 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, will be implemented to remedy the loss of grant funds due to fraud.

## The Roles and Responsibilities of Key Stakeholders

At the District level, managing State, Federal, and Local grants will be a collaborative process between the Grants & Recognitions, Special Revenue, Business & Finance, Human Resources, and other departments as necessary. Each respective department will be responsible for their duties and responsibilities as they relate to the management of state, federal, and local grants. The duties of key stakeholders are listed below in general terms. 14 | Page Additional, specific duties and responsibilities may be listed within an area of compliance in this Manual. The

### Program Manager's Responsibilities

The Program Manager is responsible for overseeing the program throughout the duration of the grant. He/ She must coordinate the preparation and submission of programmatic progress reports with the Grants & Recognitions Department (GRD). One of the Program Manager's most important responsibilities is to monitor project expenditures. Monitoring will prevent expenditures from exceeding the budget or being used for unauthorized purposes. The Program Manager is solely responsible for ensuring the program is implemented in accordance with the approved grant and subsequent amendments.

The Program Manager's Responsibilities include, but are not limited to:

- Administering the program in accordance with Northside ISD policies and procedures and funding agency regulations
- Supervising personnel, if applicable
- Maintaining program records
- Ensuring compliance with the approved application
- Ensuring goals, objectives, activities, and performance measures are fulfilled timely
- Coordinating with program partners, the evaluator, and internal departments
- Completing and submitting all required program/activity reports
- Ensuring grant funds are spent appropriately and in a timely manner
- Ensuring supplies and materials are ordered and received in accordance with NISD grant ending guidelines
- Documenting all in-kind contributions or matching fund requirements
- Disseminating the approved grant proposal to program staff assisting stakeholders

## The Role of the Special Revenue Department

The Northside Independent School District's Special Revenue Department is responsible for implementing and maintaining a program to monitor fiscal compliance of all specially funded programs. The department's goal is to make sure that all business operations are supportive of the instructional goals and objectives of the District and to provide support to all Program Managers so that together we can support students, staff, parents, and the community. The Special Revenue Department administers the financial aspects of grant programs and functions as the fiscal officer. The Special Revenue Department works as the liaison between the Program Managers and the other Departments in the Business Office (Budget, Accounting, Purchasing, Accounts Payable, etc.). The Special Revenue Department is responsible for coordinating the creation of budget codes, tracking grant expenditures, and monitoring agency fiscal requirements. Additionally, the department interprets NISD and funding agency guidelines and procedures concerning fiscal practices and allowable expenditures. The Special Revenue Department also submits requests for reimbursements and expenditure reports to funding agencies. In addition, they prepare all finance reports that need to be submitted to any external agency, including TEA, External Auditors, etc.

Special Revenue Department functions include:

- Assisting the Program Manager with budgeting grants funds. Preparing and posting the initial budget and all amendments to the general ledger.
- Assisting the HR department with determining the funding code, position title, Role ID and other salary information for use in completing the grant application.
- Notifying the Grants & Recognitions Department and the Program Manager when the funds have been budgeted and are ready for expenditure by the appropriate campus or department.
- Preparing all grant-related financial reports (monthly, quarterly and annually).
- Preparing all financial records for the annual financial audit and single audit, or other audit by a monitoring agency as appropriate.
- Ensuring compliance with the FASRG in coding all payroll and non-payroll expenditures.
- Adjusting the general ledger, as appropriate, after the Program Manager's reconciliation of the time and effort reports if adjustments are necessary.
- Managing the day-to-day cash needs for grant expenditures and drawing-down cash reimbursements, as appropriate.



- Monitor purchases, after the fact, to ensure compliance with the grant periods and allowable cost principles.
- Retaining all financial records for the required length of time as determined by the Records Department for audit purposes.
- Working with the Fixed Assets Accountant to manage the recording of all fixed assets and ensuring compliance with the inventory and disposition federal guidelines.
- Providing supporting documentation for budgeted grants funds, and submitting all grant amendments to the budget department for final posting.
- Preparing all grant-related fiscal reports according to grant deadlines.
- Monitoring the spending thresholds throughout the grant period to ensure that the grant activities are being conducted systematically throughout the grant period.
- Review grant related budget transfers prior to the final posting to the general ledger.

#### The Role of the Grants & Recognitions Department

The Grants & Recognitions Department functions as the primary facilitator and liaison between the funding agency and the Program Manager (unless specified otherwise). The GRD works with the Program Manager to complete and submit budget and/or program amendments, time extensions, programmatic reports, and, when necessary, assists with program implementation.

#### Services Available:

- Schedules and facilitates initial budget meeting with the Special Revenue Department
- Negotiates grant applications with funding agency
- Distributes award notification information, including grant guidelines and approved application Facilitates preparation and submissions of all programmatic reports
- Prepares and submits all programmatic and budget amendments
- Assists with implementation issues, such as assisting NISD staff in establishing procedures, processes, budgets, and coordination of activities, on a case by case scenarios
- Functions as the liaison between the funding agency and the Program Manager
- Interprets program guidelines and provides assistance

### The Role of the Human Resources Department

More specific information regarding Human Resources is addressed in section three of this manual.

Human Resources Department functions include:

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

### The Role of the Evaluator (External/Internal)

There are essentially two reasons to contract an external evaluator: 1) it is a program requirement or 2) to benefit from the services of an evaluation expert. In some instances, 17 | Page grant recipients are required to select from a pre-approved list of evaluators and, in other cases, to locate one with little or no guidance. Most programs, however, do not require that you hire an external evaluator. The program will have specific evaluation requirements that must be addressed, either with or without the assistance of a consultant. So, if an external evaluator is not required, why hire one?

- Expertise - A good professional evaluator has received some formal training in program evaluation (often, he/she has taken doctoral level coursework in program evaluation and qualitative and quantitative data analysis) and has devoted his/her career to evaluation.
- Time - Even if you know how to do your own evaluation, do you really have the time to devote to it? If you do find the time to meet the minimum requirements of your funding source, will you have the time to do the kind of evaluation that will yield information that is actually helpful in modifying the program?
- Perspective - External evaluators have the advantage of being outsiders to your institution. They are not emotionally invested in the programs or the people; as a result, they can generally see things more objectively than you can. Also, professional evaluators have seen many different projects in different contexts so they can make recommendations that you may never have considered.

### Key Grant Management

All grants must adhere to District guidelines and all applicable guidelines established by the funding agency, unless specific approval is obtained, will adhere to District and funding agency procedures.

Federal grant funds (whether obtained through formula/entitlement or competitive/discretionary grants) are subject to the compliance with Education Department General Administrative Regulations ([EDGAR](#)) and Programmatic (i.e., NCLB, IDEA, etc.) regulations for each respective federal grant award. Compliance with all federal, State, and local grant requirement is essential to ensure 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. When the District's local policies and/or procedures conflict with the federal regulations, the District will comply with the more restrictive regulations.

At the District level, managing State and Federal Grants will be a collaborative process between the Special Revenue Department, the Grants & Recognitions Department, the respective Program Managers, and other District departments. Each respective department will be responsible for their duties and responsibilities as they relate to the management of state and/or federal grants.

The LEA will self-monitor implementation of their written policies and procedures on an annual basis and update their procedures manual when applicable.

All grants and awards are subject to audit. Grants records and documentation may be reviewed upon demand by any of the following:

- The Special Revenue Department
- The District's Internal Audit Department
- The District's external auditor
- The Texas Education Agency (TEA) or other State funding agencies
- The United States Department of Education (USDE)
- The Office of the Inspector General (OIG), or any other federal agency providing funding

Program Managers should be aware that negative audit findings reflect on the District as a whole and could potentially impact funding from various sources (Federal, State or Local) flowing to the District

The LEA will self-monitor implementation of their written policies and procedures on an annual basis and update their procedures manual when applicable.

## Audit Requirements [2 CFR §200.501](#)

Requirement:

*Audit required.* A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part.

*Single audit.* A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single audit conducted in accordance with [§200.514](#) except when it elects to have a program-specific audit conducted.

*Exemption when Federal awards expended are less than \$750,000.* A non-Federal entity that expends less than \$750,000 during the non-Federal entity's fiscal year in Federal awards is exempt from Federal audit requirements for that year, except as noted in [§200.503](#), but records must be available for review or audit by appropriate officials of the Federal agency, pass-through entity, and Government Accountability Office (GAO).

## ***Auditee Responsibilities 2 CFR §200.508***

Requirement:

The auditee must:

- Procure or otherwise arrange for the audit required by this part in accordance with [§200.509](#), and ensure it is properly performed and submitted when due in accordance with [§200.512](#).
- Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with [§200.510](#).
- Promptly follow up and take corrective action on audit findings, including preparation of a summary schedule of prior audit findings and a corrective action plan in accordance with [§200.511\(b\) and \(c\)](#), respectively.
- Provide the auditor with access to personnel, accounts, books, records, supporting documentation, and other information as needed for the auditor to perform the audit required by this part.

### ***TEA Guidance Regarding Single-Audit Requirements***

TEA's [Monitoring of Single-Audit Findings webpage](#) provides guidance and information regarding the single-audit requirement.

The LEA must submit the single-audit report to TEA with their annual financial and compliance reports (AFRs) and must also submit their AFRs to the [Federal Audit Clearinghouse](#).

Implementation:

The board shall have its district fiscal accounts audited annually at district expense by a certified or public accountant holding a permit from the State Board of Public Accountancy. The audit must be completed following the close of each fiscal year. The independent audit must meet at least the minimum requirements and be in the format prescribed by the State Board of Education (SBOE), subject to review and comment by the state auditor. The audit shall include an audit of the accuracy of the fiscal information provided by the district through the Public Education Information Management System (PEIMS). The Accounting Department reviews the results of audits conducted by an independent auditor and submits the AFR to TEA and Federal Audit Clearinghouse. See Board Policy: CFC (LEGAL) ACCOUNTING - AUDITS and to the If a district fails to comply with the U.S. Constitution, federal statutes, regulations, or the terms and conditions of a federal award, the federal awarding agency or pass-through entity may impose additional conditions, as described in 2 C.F.R. 200.208 (Specific Conditions). If the federal awarding agency or pass-through entity determines that noncompliance cannot be remedied by

imposing additional conditions, the federal awarding agency or pass-through entity may take one or more of the following actions, as appropriate in the circumstances:

Temporarily withhold cash payments pending correction of the deficiency by the district or more severe enforcement action by the federal awarding agency or pass-through entity. Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.

1. Wholly or partly suspend or terminate the federal award.
2. Initiate suspension or debarment proceedings as authorized under 2 C.F.R. Part 180 and federal awarding agency regulations (or in the case of a pass-through entity, recommend such a proceeding be initiated by a federal awarding agency).
3. Withhold further federal awards for the project or program.
4. Take other remedies that may be legally available.

2 C.F.R. 200.339

See Board Policy: CBB (LEGAL) STATE AND FEDERAL REVENUE SOURCES -  
FEDERAL

#### Grant Monitoring and Accountability

The District will ensure that all grant funds are consistently monitored throughout the grant period. The monitoring will 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 Program Manager for each grant will be primarily responsible for all aspects of program implementation to include programmatic, fiscal and evaluation. The Special Revenue Department will review expenditures for accuracy before submitting for a final draw and, if needed, recommend changes in coding and/or funding source. The Program Manager will monitor the timing of grant activities throughout the grant period, especially as they relate to the desired outcomes. The Special Revenue Department will 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 Program Manager, Grants & Recognitions Department, and the Special Revenue Department will work collaboratively to develop an action plan to ensure

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

- Cost overruns or high unit costs
- Significant developments that may result in an inability to complete the grant activities

The District will 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 will be addressed in a timely manner upon receipt of the notification. The Program Managers and other appropriate departments work collaboratively to develop and implement a Corrective Action Plan to resolve the findings or deficiencies. The Superintendent, or designee, will approve the Corrective Action Plan and monitor the timely implementation of corrective strategies. The District will 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, will be implemented to remedy the loss of grant funds due to fraud.

## Considerations for Disasters or Unexpected Events

In this section of the manual, considerations are addressed for disasters or other unexpected events, such as a pandemic, that results in an interruption of operations or services, including closure to the LEA's buildings.

The LEA will follow TEA guidance and the applicable statutes, regulations, and terms and conditions of Federal disaster awards or Federal stimulus awards.

### Compensation During Times of Interruption of Operations or Services

If a disaster or other unexpected event, such as a pandemic, results in an interruption of operations or services, or closure to the LEA's buildings, the LEA will continue to pay Federally-funded salary and hourly-wage staff who, as a result of the interruption or closure, are (1) on administrative leave, or (2) teleworking, consistent with how the LEA is paying state or locally funded staff.

If an employee's duties or responsibilities change as a result of the disaster or unexpected event, the employee's job description will be updated to reflect the activities. Federal funds cannot be charged for duties that are not aligned to the purpose and intent of the grant.

Federally-funded staff working on multiple cost objectives should maintain the same type time and effort documentation as normal. If that is not possible, the LEA will allocate the charges to

the Federal award based on an average of the employee's last three months' documented time and effort records.

**Split-Funded Personnel:** Time and Effort applies to employees who do not work 100% of the time in a single grant, work under multiple grant programs, and work multiple cost objectives. Employees whose salaries are partially funded by federal grants or entitlements must maintain monthly time and effort records. This requirement is necessary to ensure salary charges to an award are supported and justified. Original copies of the Time and Effort Log for Split-Funded Personnel must be submitted to the Special Revenue Department by the 10th of the month following the time being recorded. (The employee should keep a copy for their records.) The final Time and Effort Log for Split-Funded Personnel for the school year must be completed and submitted to the Special Revenue Department the last day of the employee's contract. Time and Effort Log for Split-Funded Personnel should not be completed and/or submitted in advance of the dates work is actually performed.

Time and Effort Log for Split-Funded Personnel should include the following documentation:

- Employee name and signature
- Actual hours worked (holidays and absences should be recorded where appropriate)
- Fund number and program name
- Brief description of job responsibilities (i.e. instructional aide, math staff development, academic support, reading teacher, etc.)

These employees are required to maintain a Time and Effort Log for Split-Funded Personnel found on the following Intranet page:

Premium pay (overtime) will be paid during disasters or other unexpected events, such as a pandemic. Pay during Closing: During an emergency closure, all employees shall continue to be paid for their regular duty schedule unless otherwise provided by Board action. Following an emergency closure, the Board shall adopt a resolution or take other Board action establishing the purpose and parameters for such payments. [See EB for the authority to close schools]. Premium Pay During Disasters: Nonexempt employees who are required to work during an emergency closing for a disaster, as declared by a federal, state, or local official or the Board, shall be paid at the rate of one and one-half times their regular rate of pay for all hours worked up to 40 hours per week. Overtime for time worked over 40 hours in a week shall be calculated and paid according to law. [See DEAB] The Superintendent or designee shall approve payments and ensure that



accurate time records are kept of actual hours worked during emergency closings. See Board Policy DEA (LOCAL) COMPENSATION AND BENEFITS - COMPENSATION PLAN

Please see the Special Considerations and Incentive Compensation sections of this manual for additional information regarding increased compensation during a disaster or unexpected event, such as a pandemic.

## Expenditures for Cancelled Services

As a result of a disaster or unexpected event, such as a pandemic, some services that were cancelled might have certain fees still charged.

Federal grant funds may be used to reimburse unrefunded costs, provided:

- The LEA seeks to recover nonrefundable costs from the entity
- The LEA seeks to exercise force majeure or emergency provision clauses to the extent possible in light of the disaster or unexpected event, such as a pandemic
- The costs were reasonable and incurred in order to carry out an allowable activity under the grant, consistent with the Federal cost principles of [2 CFR Part 200, Subpart E](#).

Documentation must be maintained to substantiate the charging of any cancellation or other fees related to the interruption of operations or services, or closure of the buildings.

## Travel During Disasters or Unexpected Events

Due to safety or health concerns during a disaster or unexpected event, such as a pandemic, grant-supported travel generally should not be occurring. However, if travel is permitted by Federal, State, or local directives and is the only means to carry out an essential grant function that must be undertaken on a time-sensitive basis during the disaster or unexpected event, and is consistent with the LEA's travel policy, travel insurance is an allowable cost, provided the cost is reasonable and allocable to the grant, consistent with the Federal cost principles of [2 CFR Part 200, Subpart E](#).

## Accounting Records for Expenses Related to the Disaster/Stimulus Funds

The LEA will keep records to document services provided, or expenditures incurred, during disasters or unexpected events, such as a pandemic, that results in an interruption of operations or services, or closures to the LEA's buildings, including:

- The need for the expenditure and justification to substantiate the charging of costs to Federal grant funds related to the interruption of operations or services
- How the expenditure is related to the disaster or unexpected event, such as a pandemic
- The methodology the LEA used to provide services to public schools, and private nonprofit schools, if applicable
- Use of funds and amounts expended
- How the LEA prioritized needs to determine use of funds
- The LEA's timeline for providing services
- Pre-award costs and expenditures, if allowed under the Federal award
- Local option codes in the accounting code structure to identify expenditures related to the disaster or unexpected event, such as a pandemic, including expenditures that will be charged to or reimbursed by a Federal disaster award or Federal stimulus award
- If noncompetitive procurement is used under the emergency or exigency exception, documentation and justification for the noncompetitive procurement

Alternative methods for documentation of services rendered, when sign-in sheets are not feasible due to the disaster or unexpected event, the LEA will substitute other methods of documentation, as deemed acceptable by the LEA.

[FEMA](#) (Federal Emergency Management Agency) Documentation should include:

- Force account labor (personnel)
- Force account materials
- Force account equipment (regular time and overtime)
- Rentals
- Contracts
- Donated resources
- Procurement documentation

## Electronic Signatures

The LEA allows for the acceptance of electronic signatures for documentation and records addressed in this manual.

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ACQUISITION - VENDOR RELATIONS: Electronic Filing: The required questionnaire, including signature requirements, may be filed electronically in a form approved by the Commission. Local Gov't Code 176.008.

If allowed, the LEA ensures that the signatory can be uniquely identified and linked to the signature and employs adequate authentication methods to verify signer identity.

The following resources provide guidance for implementing electronic signatures:

- [1 TAC 203 Management of Electronic Transactions and Signed Records](#)
- [Guidelines for evaluating the effectiveness of a given signature method and for matching the signature method to the applicable degree of risk involved](#)