



Albany ISD

Business Procedures Manual

BOARD APPROVAL

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General Provisions

Purpose

This manual sets forth the policies and procedures used by Albany ISD (the District) to provide a comprehensive presentation of standardized procedures that are mandated by state/federal law, board policy, administrative directives and/or good business practices. Compliance with these provisions is mandatory for all funds processed through the business office regardless of their source. Conformation with these guidelines will allow prompt and accurate conducting of the District's business affairs in a responsive and progressive manner. Information and procedures specific to activity funds can be referenced in the Activity Fund Manual. Information and procedures specific to child nutrition funds can be referenced in the Child Nutrition Procurement Manual.

The following policies and administrative directives apply to District funds:

BBFA	(Legal) Ethics: Conflict of Interest
BBFB	(Legal) Ethics: Prohibited Practices
BQ	(Local) Planning and Decision-Making Process
BQA	(Local) Planning and Decision-Making Process: District-Level
BQB	(Local) Planning and Decision-Making Process: Campus-Level
CAA	(Local) Fiscal Management Goals and Objectives: Financial Ethics
CCA	(Legal) Local Revenue Sources: Bond Issues
CDA	(Local) Other Revenues: Investments
CDC	(Legal) Gifts and Solicitations
CE	(Legal) Annual Operating Budget
CFB	(Local) Accounting Inventories
CFD	(Local) Activity Funds Management
CH	(Legal, Local) Purchasing and Acquisition
CHE	(Legal) Purchasing and Acquisition: Vendor Relations
CHF	(Legal) Purchasing and Acquisition: Payment Procedures
CMD	(Legal, Local) Equipment and Supplies Management: Instructional Materials Care and Accounting
CQ	(Legal, Local) Electronic Communication and Data Management
CV	(Local) Facilities Construction
DBD	(Legal, Local) Employment Requirements and Restrictions: Conflict of Interest
DBE	(Legal) Employment Requirements and Restrictions: Nepotism
DEE	(Legal, Local) Compensation and Benefits: Expense Reimbursement
DH	(Exhibit) Employee Standards of Conduct
DK	(Local) Assignment and Schedules
DMD	(Local) Professional Development: Professional Meetings and Visitations
EHBD	(Local, Legal) Special Programs: Federal Title I
FM	(Legal, Local) Student Activities
FP	(Legal, Local) Student Fees, Fines and Charges
GKB	(Local) Community Relations: Advertising and Fundraising in the Schools
GKD	(Local) Community Relations: Non-school Use of School Facilities
GKDA	(Local) Non-school Use of School Facilities: Distribution of Non-school Literature

Fraud, Waste and Abuse of Public Funds

The District prohibits fraud and financial impropriety, as defined below, in the actions of its Board of Director/Associate Directors, employees, vendors, contractors, consultants, volunteers, and others seeking or maintaining a business relationship with the District as found in Board Policy CAA (LOCAL).

DEFINITION

Fraud and financial impropriety shall include but not be limited to:

Forgery or unauthorized alteration of any document or account belonging to the District

Forgery or unauthorized alteration of a check, bank draft, or any other financial document

Misappropriation of funds, securities, supplies, or other District assets, including employee time

Impropriety in the handling of money or reporting of District financial transactions

Profiteering as a result of insider knowledge of District information or activities

Unauthorized disclosure of confidential or proprietary information to outside parties

Unauthorized disclosure of investment activities engaged in or contemplated by the District

Accepting or seeking anything of material value from contractors, vendors, or other persons providing services or materials to the District, except as otherwise provided

Inappropriately destroying, removing, or using records, furniture, fixtures, or equipment

Failing to provide financial records required by state or local entities

Failing to disclose conflicts of interest as required by law or District policy

Any other dishonest act regarding the finances of the District

Financial Controls and Oversight

Each employee who supervises or prepares the District's financial reports or transactions shall set an example of honest and ethical behavior and shall actively monitor his or her area of responsibility for fraud and financial impropriety.

Fraud Prevention

The Superintendent shall maintain a system of internal controls to deter and monitor for fraud or financial impropriety in the District.

Reports

Any person who suspects fraud or financial impropriety in the District shall report the suspicions immediately to any supervisor, the Superintendent, the Board Chair, or local law enforcement.

Reports of suspected fraud or financial impropriety shall be treated as confidential to the extent permitted by law. Limited disclosure may be necessary to complete a full investigation or to comply with law. All employees involved in an investigation shall be advised to keep information about the investigation confidential.

Protection from Retaliation

Neither the Board nor any District employee shall unlawfully retaliate against a person who in good faith reports perceived fraud or financial impropriety.

Fraud Investigations

In coordination with legal counsel and other internal or external departments or agencies, as appropriate, the Superintendent or Board Chair shall promptly investigate reports of potential fraud or financial impropriety.

Response

If an investigation substantiates a report of fraud or financial impropriety, the Superintendent shall promptly inform the Board of the report, the investigation, and any responsive action taken or recommended by the administration.

If an employee is found to have committed fraud or financial impropriety, the Superintendent shall take or recommend appropriate disciplinary action, which may include termination of employment. If a contractor or vendor is found to have committed fraud or financial impropriety, the Superintendent shall take appropriate action, which may include cancellation of the Districts' relationship with the contractor or vendor.

When circumstances warrant, the Board or Superintendent may refer matters to appropriate law enforcement or regulatory authorities. In cases involving monetary loss to the District, the District may seek to recover lost or misappropriated funds.

The final disposition of the matter and any decision to file a criminal complaint or to refer the matter to the appropriate law enforcement or regulatory agency for independent investigation shall be made in consultation with legal counsel.

Analysis of Fraud

After any investigation substantiates a report of fraud or financial impropriety, the Superintendent shall analyze conditions or factors that may have contributed to the fraudulent or improper activity. The Superintendent shall ensure that appropriate administrative procedures are developed and implemented to prevent future misconduct.

Code of Ethics

Substantial state and federal requirements exist pertaining to standards of conduct and conflict of interest. It is the intent of the District for all employees, officers, or agents to conduct all activities associated with procurements in compliance with the highest ethical standards, including the avoidance of any *real or perceived conflict of interest*. It is also the intent of the District to impose appropriate sanctions or disciplinary actions, including but not limited to termination and/or prosecution, for any employees or officers who violate any of these requirements.

State Requirements

According to *The Handbook on Purchasing for Texas Public Schools, Junior Colleges and Community Colleges* (Module 5 of [FASRG](#)), it is a serious breach of the public trust to subvert the public purchasing process by directing purchases to certain favored vendors, or to tamper with the purchasing process, whether it is done for kickbacks, friendship or any other reason. State law relating to violation of purchasing requirements imposes upon violators certain criminal penalties, which are found in *Section 44.032, Texas Education Code, and Chapter 271.029, Local Government Code*.

The following common standards of ethics shall govern the conduct of District employees involved in the purchasing function:

1. 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.

2. 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.
3. 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.
4. Gratuities: 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.

In addition, Texas law makes a gift (an item valued at \$50 or more, cash of any amount, or a negotiable instrument of any value) to a public employee a Class A misdemeanor if the employee is someone who exercises some influence in the purchasing process of the governmental body. (*Texas Penal Code*, 36.09[d] and [h]).

5. Kickbacks: 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.
6. Contract Clause: The prohibition against gratuities and kickbacks prescribed above should be conspicuously set forth in every contract and solicitation therefore.
7. 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.

Federal Requirements

In addition to the state requirements pertaining to standards of conduct and avoiding conflict of interest, in accordance with 2 C.F.R. § 200.318(c)(1), the District's standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of federal contracts include the following federal standards.

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, or 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.

The officers, employees, and agents of the District may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts, unless the gift is an unsolicited item of nominal value. (See state requirements above pertaining to defining “nominal value.”)

Requirements to Avoid Conflict of Interest in Conducting Business

If a school board member or officer of the district has a substantial interest in a business entity or real property, he or she must:

- file an affidavit stating the nature and extent of the interest before voting or deciding on any action that would have an economic effect on the business entity or the value of the property that is not the same as the effect on the public and
- abstain from participating in the vote or decision.

The affidavit must:

- disclose the full nature and extent of the school official’s interest and
- be filed with the official record keeper of the district.

When voting on a budget for the school district, the school board must take a separate vote on any item in the budget related to a contract with a business entity with which a board member has a substantial interest, and the affected board member must not participate in the vote. However, the board member may vote on a final budget if:

- he or she has followed the requirements for disclosure and abstention from voting and
- the issue in which the member has an interest has been resolved.

If the majority school board members are required to file an affidavit disclosing similar interests in a business entity or real property matter, and they do so, then they are not required to abstain from a vote or decision about the matter.

Requirements to Avoid Conflict of Interest in Investing

Under the PFIA,³⁹ a school board may decide to invest funds that the school district owns or controls.

The board must adopt a written investment policy that emphasizes safety of principal and includes the types of investments allowed, among other provisions specified in law. The written policy must be presented to any person or business entity that offers to enter into an investment transaction with the district.

The person or business entity must execute a written statement acknowledging that the person or entity:

- has received and reviewed the policy and
- has implemented controls to preclude any transactions that are not authorized by the policy.

No investment authorized in the investment policy may be obtained from any person or business entity that has not delivered this written statement to the district.

The board must designate one or more officers of the district as an investment officer to be responsible for implementing the investment policy. But the board retains the ultimate fiduciary responsibility for the funds of the district. If the investment officer of the district has a personal business relationship with a business entity that proposes to enter into an investment transaction with the district, the investment officer must disclose that relationship in a written statement and file the statement with:

- the school board and
- the Texas Ethics Commission.

The investment officer has a personal business relationship with a person or business entity if he or she:

- is related within the second degree by consanguinity or affinity to a person seeking to sell an investment to the school district (for information on determining degrees of consanguinity and affinity, see Determining Kinship by Consanguinity and Affinity);
- owns 10 percent or more of the voting stock or shares of the business entity;
- owns \$5,000 or more of the fair market value of the business entity;
- received funds from the business entity that were more than 10 percent of his or her gross income for the previous year; or
- received investments during the previous year with a book value of \$2,500 or more for his or her personal account.

The district may include a provision in its investment policy that any transaction is unsuitable if it is authorized by an investment officer who has a personal business relationship with the person or business entity offering an investment.

The district, in conjunction with its annual financial audit, must perform a compliance audit on

- management controls on investments and
- adherence to the district's investment policy.

Purchases funded with federal grant funds must adhere to regulations found under 2 CFR, §200, which explains uniform administrative requirements for federal awards.

In accordance with 2 CFR §200.112, federal grant recipients must disclose any potential conflict of interest concerning the expenditure of federal grant funds. Grant recipients must disclose the conflict of interest by completing the Conflict of Interest Disclosure form located on the Request for Prior Approval, Disclosure, and Justification Forms web page on the TEA website.

Purchases made with federal funds are reviewed for compliance with regulations under 2 CFR §200. School districts are required to retain all backup documentation, such as bids, quotes, and cost/price analyses, conflict of interest disclosures, as well as any other additional information as required by the grant.

For additional conflict of interest regulations concerning federal awards, see •2 CFR §200.113, and •2 CFR §200.318.

Other Conflict of Interest Disclosure Requirements

In addition to the requirements outlined above, in 2015, the Texas Legislature adopted House Bill (HB) 1295, which added TGC, §2252.908. The law states that a governmental entity or state agency may not enter into certain contracts with a business entity unless the business entity submits a disclosure of interested parties to the governmental entity or state agency at the time the business entity submits the signed contract to the governmental entity or state agency. The disclosure requirement applies to a contract entered into on or after January 1, 2016. The law applies only to a contract of a governmental entity or state agency that either:

- requires an action or vote by the governing body of the entity or agency before the contract may be signed or has a value of at least \$1 million.

The law required the Texas Ethics Commission to adopt rules necessary to implement that law, prescribe the disclosure of interested parties form, and post a copy of the form on the commission's website. The Texas Ethics Commission adopted the Certificate of Interested Parties form (Form 1295) on October 5, 2015. The Texas Ethics Commission also adopted new rules (Chapter 46) on November 30, 2015, to implement the law.

Disciplinary Actions

The District will impose appropriate sanctions or disciplinary actions, including but not limited to termination and/or prosecution, for any employee or officer who violates any of these requirements related to standards of conduct and conflict of interest. 2 CFR § 200.318(c)(1)

Mandatory Disclosure

Upon discovery of any potential conflict, [the District will disclose in writing the potential conflict to TEA](#) or other federal awarding agency in accordance with applicable TEA or other federal awarding agency policy. 2 CFR § 200.112.

In addition, the District will disclose, in a timely manner, in writing to TEA or other federal awarding agency, all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the federal award. 2 CFR § 200.113. Failure to make required disclosures can result in any of the remedies described in 2 CFR § 200.339, Remedies for Noncompliance, including Debarment and Suspension.

[TEA Complaints and Investigations](#)

Conflict of Interest

This procedure applies to District's Board, Staff, and Vendors shall abide by a code of ethics as cited in 2 CFR § 200.318(c)(1), FASRG 1.1.8.2, Texas State Law and TPASS Rule (34 Texas Administrative Code 20.41).

1.0 District employees may not:

- 1.1 Participate in any purchasing knowing that the employee, or member of that employee's immediate family, has an actual or potential financial interest in the purchasing including, but not limited to, prospective employment. The term "participate" includes, but not limited to, decision making, approval, denial, recommendation, giving advice, investigation or similar action.
- 1.2 Solicit or accept anything of value from an actual or potential vendor.
- 1.3 Be employed by, or agree to work for, a vendor or potential vendor.
- 1.4 Knowingly disclose confidential information for personal gain.

2.0 A former employee who ceases service or employment with the District on or after January 1, 1992, may not represent any person or receive compensation for services rendered on behalf of any person regarding a particular matter in which the former employee participated during the period of employment, either through personal involvement or because the case or proceeding was a matter within the employee's official responsibility. (Texas Government Code 572.054)

3.0 A vendor or potential vendor may not offer, give, or agree to give a District employee anything of value.

4.0 If a violation occurs:

- 4.1 Person involved shall promptly file a written statement concerning the matter with an appropriate supervisor.
- 4.2 Person may also request written instructions for disposition of the matter.
- 5.0 If an actual violation occurs or is not disclosed and remedied:
 - 5.1 The employee involved may be reprimanded, suspended, or dismissed.
 - 5.2 The vendor may be barred from receiving future purchases and/or have any existing purchase canceled.
- 6.0 Under law, employees and Board Members of the District can have any ethics question reviewed and decided by the Texas Ethics Commission.
- 7.0 All District employees, Board Members must complete a Conflict of Interest Statement annually.
 - 7.1 The District reviews the Conflict of Interest Statement and if necessary, a Conflict of Interest form is also completed.
- 8.0 Vendors will complete the Conflict of Interest Questionnaire (CIQ) every two years.

Prohibition

Telecommunications and Video Surveillance Services or Equipment
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Recipients and subrecipients are prohibited from obligating or expending loan or grant funds to:

- (1) Procure or obtain;
- (2) Extend or renew a contract to procure or obtain; or
- (3) Enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that 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).
 - (i) For the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities).
 - (ii) Telecommunications or video surveillance services provided by such entities or using such equipment.
 - (iii) Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country.

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.

Pre-Acquisition for Technology

This procedure applies to how prior approval is received for purchases of technology (2 CFR 200.2016).

- 1.0 Employees completes the Pre-Acquisition form for purchases of technology.
- 2.0 Upon completion, the Pre-Acquisition form is electronically submitted to the Superintendent for approval.
- 3.0 Upon approval, the form is the electronically routed to the Technology Department.
 - 3.1 The technology department will review contracts and or get quotes in compliance with procurement regulations.
 - 3.2 Attach the documentation to the pre-acquisition.
 - 3.3 Submit to the Business Manager in the Business office.

Financial Management

Overview: Federal regulations require grantees to use fiscal control and fund accounting procedures that insure proper disbursement of and accounting for federal funds (34 CFR 76.702 and 2 CFR 200.302). Implementing and maintaining a proper accounting system is a fiduciary responsibility associated with receiving a federal award. The acceptance of an award creates a legal duty on the part of the District to use the funds or property made available under the award in accordance with the terms and conditions of the grant. The approved grant application itself constitutes an accounting document in that it establishes the purpose and amount of the awarding agency's obligation to the grantee. In turn, it establishes a commitment by the District to perform and expend funds in accordance with the approved grant agreement and the applicable laws, regulations, rules, and guidelines. 2 CFR § 200.300

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

Financial management requirements for Texas school districts are established through a pyramid consisting of

- federal regulations
- *Texas Education Code* (TEC)
- *Texas Administrative Code* (TAC), Title 19
- TEA's *Financial Accountability System Resource Guide* (FASRG)

Texas Law and Rule

TEC, Section 44.007 requires the State Board of Education (SBOE) to establish a mandatory fiscal accounting system with which all school districts, ESCs, and open-enrollment charter schools in Texas must comply. TEC further requires each school district and open-enrollment charter school to adopt and install a standard accounting system that conforms with generally accepted accounting principles (GAAP) and that meets the minimum requirements prescribed by the commissioner of education. It also requires these entities to maintain records of all revenues and expenditures.

[Title 19 of the Texas Administrative Code \(19 TAC\), Chapter 109](#), establishes the SBOE rule for school district budgeting, accounting, and financial reporting. The detailed requirements of the financial accounting system adopted by the SBOE are published in TEA's [FASRG](#) (*Financial Accountability System Resource Guide*), adopted and incorporated by reference as TEA's official rule.

FASRG currently consists of the following 6 modules:

- Module 1 – Financial Accounting & Reporting (FAR)
- Module 2 – Special Supplement-Charter Schools
- Module 3 – Special Supplement- Non-profit Charter Schools Chart of Accounts
- Module 4 – Auditing
- Module 5 – Purchasing
- Module 6 – Compensatory Education, Guidelines, Financial Treatment, and an Auditing and Reporting System

Financial Management Standards

The federal standards for financial management systems are found at 2 CFR § 200.302. The mandatory accounting requirements established by TEA in the [Financial Accountability System Resource Guide \(FASRG\)](#) conform to these federal financial management standards. Therefore, in accordance with federal regulations, the District's financial management system, including records documenting compliance with federal statutes, regulations, and the terms and conditions of the award, is sufficient to permit:

- the 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 funds have been used according to the federal statutes, regulations, and the terms and conditions of the federal award.

The District complies with the required federal standards for financial management systems by complying with the minimum budgeting, accounting, auditing, and reporting requirements established in TEA's Financial Accountability System Resource Guide (FASRG) *Module 1* of the FASRG. Based on generally accepted accounting principles, FAR details a mandatory account code structure which all school districts, ESCs, and open-enrollment charter schools must use in accounting for all funds received and expended, including state and local funds and federal grant funds.

FAR establishes uniformity in governmental accounting and specifies a *mandatory* account code structure consisting of a minimum of 15 digits, plus 5 digits used at local option (for a total of 20 possible digits). For each accounting transaction, the minimum 15-digit account code structure consists of a *fund code*, *function code*, *object code*, *organization code*, *fiscal year code*, and *program intent code*, each serving a different purpose in designating the use of funds, campus served, and student population served.

The mandatory account code structure begins with a 3-digit fund code, which designates the funding source, e.g., the general fund, food service fund, a specific grant (referred to as a *special revenue code*), etc. A different 3-digit fund code is provided for fiscal agents of a shared services arrangement (SSA).

Each accounting transaction recorded in the general ledger must begin with the 3-digit fund code (*net asset code* for nonprofit open-enrollment charter schools). For example, the 3-digit fund code for Title I, Part A is 211. The budget and all revenues and expenditures for Title I, Part A must be recorded in the accounting records using this specific fund code.

Additionally, 2 CFR § 76.760(b) authorizes grantees to use more than one program to support an activity if the grantee has an accounting system that permits the identification of costs paid for under each program. The fund accounting system in FAR accommodates this requirement.

Identification of All Federal Awards

The District identifies, in its accounts, all federal awards received and expended and the federal programs under which they were received. Federal program and award identification include, as applicable, the Catalog of Federal Domestic Assistance (CFDA) title and number, federal award identification number and year, name of the federal agency, and, if applicable, name of the pass-through entity. Upon receipt of each grant award, the District obtains the required information from TEA's Notice of Grant Award (NOGA) or other awarding agency's Grant Award Notification (GAN) and enters the information in the general ledger using the assigned 3-digit fund code.

Financial Reporting

Accountability is the paramount objective of financial reporting. Accurate, current, and complete disclosure of the financial results of each federal award or program is made in accordance with the financial reporting requirements set forth in 2 CFR § 200.328 and in EDGAR. The District collects and reports financial information with the frequency required in the terms and conditions of the award and monitors its activities under federal awards to assure compliance with applicable federal requirements.

Accounting Records

The District maintains records which adequately identify the source and application (i.e., use) of funds provided for federally-assisted activities. In accordance with federal regulations, these records contain information pertaining to grant or sub-grant awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest. All transactions are supported by source documentation (i.e., purchase orders/requisitions, invoices, receipts, travel vouchers, time-and-effort documentation and employee salary records, copies of checks, etc.).

The accounting system mandated in FAR conforms to generally accepted accounting principles (GAAP). The accounting structure is organized and operated on a fund basis and is organization-wide covering all funds. The District uses the 3-digit fund code specified in FAR for each grant received to identify the source of funds. The use of funds is identified by using the required function code, object code, organization code, program intent code, and fiscal year code specified in FAR.

The District uses the minimum 15-digit account code structure mandated in FAR to record all revenues, encumbrances, and expenditures.

Internal Controls

Effective control and accountability must be established and maintained for all funds, real property (i.e., land and buildings), personal property, and other assets. The District must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

Internal controls are tools (i.e., policies, procedures, best practices, and activities) to help program and financial managers achieve results and safeguard the integrity of their program. The District's internal controls are in compliance with guidance in the [*Standards for Internal Control in the Federal Government*](#) (the Green Book) issued by the Comptroller General of the United States and the [*Internal Control Integrated Framework*](#), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and are designed to provide *effective and efficient operations* based on demonstration of the following principles:

- A commitment to integrity and ethical values
- Independent oversight over the development and performance of internal controls
- Clearly defined organizational structure, clear reporting lines, and appropriate authorities
- A commitment to attract, develop, and retain competent individuals, and
- Maintaining a level of competence that allows personnel to accomplish their assigned duties and holding individuals accountable

In accordance with 2 CFR § 200.303, "internal controls" means a process implemented by the District to provide reasonable assurance regarding the achievement of objectives in the following categories:

- (a) Effectiveness and efficiency of operations
- (b) Reliability of reporting for internal and external use, and
- (c) Compliance with applicable laws and regulations

"Internal control over compliance requirements for federal awards" means a process implemented by the District designed to provide reasonable assurance regarding the achievement of the following objectives for federal awards:

- Transactions are properly recorded and accounted for in order to
 - Permit the preparation of reliable financial statements and federal reports.
 - Maintain accountability over assets.
 - Demonstrate compliance with statutes, regulations, and the terms and conditions of the award.
- Transactions are executed in compliance with
 - laws, regulations, and the terms and conditions of the award that could have a direct and material effect on a federal program.
 - any other statutes and regulations that are identified in the Audit Compliance Supplement.
- Funds, property, and other assets are safeguarded against loss and from unauthorized use or disposition.

To accomplish these objectives, the District:

- develops and maintains policies, procedures, and effective practices to ensure federal funds are properly administered and spent and federal property is safeguarded against loss and from unauthorized use or disposition. The District also ensures all employees who deal with federal funds are aware of the policies and procedures and are properly trained in the use of them
- ensures employees comply by regularly and frequently evaluating and monitoring their compliance with the policies and procedures, statutes, regulations, and the terms and conditions of the award

- takes prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings, and taking the appropriate disciplinary action for employees who do not comply, and
- takes reasonable measures to safeguard protected personally identifiable information and other information designated as sensitive consistent with applicable federal, state, and local laws regarding privacy and obligations of confidentiality.

The District uses the following, at least in part, to determine if internal controls are effective:

- Only valid or authorized transactions are processed.
- Transactions occurred during the grant period and were processed timely.
- No proper transactions were omitted from the accounting records.
- Transactions are calculated using an appropriate methodology.
- Transactions appear reasonable relative to other data.
- Property (including supplies and equipment) is tracked and used only for authorized purposes.
- Property is properly disposed of.

District Fiscal Year

The District operates under a fiscal year beginning September 1st thru August 31st.

Depository Contract

First National Bank-Albany/Breckenridge serves as the Depository of the funds for the District.

Investment of Public Funds

The District follows Board Policy CDA (Legal and Local) in regards to the investment of District funds.

The Investment Strategy Plan for the District can be found in Appendix A.

Cash Management

Reporting Expenditures

The [*General Provisions and Assurances*](#) that accompany every grant application funded by or through TEA contains an assurance that grantees agree to comply with expenditure reporting requirements. The District will submit expenditure reports in the time and manner requested by TEA.

TEA requires that districts and other grantees use a standard format for reporting expenditures for grants funded through TEA. Reports are submitted electronically through the automated [Expenditure Reporting](#) (ER) system by class/object code. The *Program Guidelines* for each RFA published by TEA and/or the *Critical Events* calendar provided on the TEA [Grant Opportunities page](#) for a specific program identify the required expenditure reporting dates. However, even though dates for submitting interim expenditure reports may not be specified, the District will submit expenditure reports more frequently, such as monthly, to indicate that grant activities and expenditures are occurring as planned and there are no major delays in the project.

Final expenditure reports are generally due 30 days after the ending date of the grant. If the grant program has a cost share or matching funds requirement, the District must also report the total cost share or matching funds in ER.

Each District employee who reports and/or certifies expenditures in [TEA Login \(TEAL\)](#) is required to have a TEASE (TEA Secure Environment) username and password to access The District reports cumulative

expenditures to date in ER, and the system automatically calculates the amount already paid to the District and the amount owed and generates a payment to the District.

When filing interim reports, the District will only report actual expenditures, and any expenditures that will be paid out within three business days once payment is received by the District. In addition, the District will comply with the cash management procedures described in *II. Financial Management System, H. Federal Cash Management Policy/Procedures* of this manual.

Designated Business Staff in the District's Business office submits the reports in ER. Each report is certified Chief Financial Officer, an authorized official who attests that expenditures are true and correct. Effective July 1, 2015, the fiscal reports requesting payment will include a certification signed/certified by an official who is authorized to legally bind the District. 2 CFR § 200.415. The certification reads as follows:

“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, or false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812).”

See *II. Financial Management System, H. Federal Cash Management Policy/Procedures* in this manual for more information on requesting grant payments and the “three-day rule,” as well as the calculation of interest earned on funds not paid out upon receipt.

The ER system automatically rejects expenditure reports if:

- The District is claiming expenditures in a class/object code not budgeted in the application.
- The total amount reported exceeds the total amount awarded.

TEA (or other agency administering the grant on behalf of TEA) reserves the right to require 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 for expenditures at any time during or after the grant period for as long as the records are retained according to requirements for record retention. The District will be required to reimburse all expenditures that are unsupported by appropriate documentation or found to be unallowable under the grant. Depending upon the severity of noncompliance with allowable cost principles, additional sanctions may be imposed, up to and including termination of the grant and refund of all unallowable costs.

In addition, failure to submit the expenditure reports according to the required reporting dates could cause the grantee to be identified as high risk and could result in additional sanctions. (See *Part VIII. Monitoring, B. TEA Monitoring, Identification as a High-Risk Grantee* in this manual.)

Grants from Other Awarding Agencies

The District will submit expenditure reports to other awarding agencies in the time and manner requested by the agency. The District will comply with the cash management procedures described in the following section.

Federal Cash Management Policy/Procedures

Generally, grantees receiving state and federal grants from TEA receive payment from TEA by reporting cumulative expenditures (by class/object code) and requesting payment in TEA's electronic Expenditure Reporting (ER) system. Specific expenditure reporting requirements are provided in TEA's [General and Fiscal Guidelines](#) that accompany each *Request for Application* (RFA) from TEA. These guidelines are updated regularly and must be consulted on a regular basis.

Payments through ER are deposited into the District's depository bank by the state comptroller's office within six to seven business days of the payment request (provided TEA receives any supporting documentation requested in a timely manner and there are no other complications with the automated system).

Two methods of payment are provided in federal regulations: *advance* and *reimbursement*. The District uses the reimbursement method for requesting grant payments from TEA and other awarding agencies

The District ensures that it requests payment only for obligations incurred during the grant period and for goods and services that have been actually received. The District also verifies that it is not requesting payment for any costs that cannot be satisfactorily documented with appropriate source documentation.

Reimbursement Method

Under the reimbursement method, the District initially charges federal grant expenditures to nonfederal funds and makes appropriate journal entries to charge the federal grant once payment is received. All reimbursements are based on actual disbursements (i.e., payments already made), not on obligations.

The Business Manager will request reimbursement for actual expenditures incurred under the federal grants as needed or as specified by TEA or other awarding agency through TEA's ER System (described above) or through other awarding agency's system, such as the Department of Education's G5 system, for direct grants. When using this method, the District will only request *reimbursement* for funds actually already paid out.

Reimbursements of *actual expenditures* do not require interest calculations as detailed in the *Advance Method* section.

Cash Request

Funds will be requested for expenditures that have been recorded. The District will not request advance payments.

- 1.0 A summary general ledger is printed to show the assets, liabilities, revenues and expenditures for each fund.
- 2.0 The cash to request is determined by adding the expenditures and indirect cost, if any, and subtracting any accruals.
- 3.0 Each grant is reported separately to either the State or Federal Government.

Noncompliance with Cash Management Requirements

Pursuant to the provisions of 2 CFR § 200.339, grantees that fail to comply with cash management requirements, including the repayment of interest earned, may be subject to the following special conditions or enforcement actions:

- Identification as a high-risk grantee, pursuant to the provisions of 2 CFR § 3474.10 and 2 CFR § 200.206, which may involve the imposition of special conditions and being placed on reimbursement basis only (District would not be able to draw down its own funds in the ER system without first submitting supporting documentation for expenditures)
- Temporarily withholding cash payments pending correction of the deficiency
- Disallowing all or part of a cost not in compliance
- Suspension or termination of the award
- Withholding further awards for future grants from TEA
- Debarment or suspension from receiving any future federal funds from any entity
- Other remedies that may be legally available

Cost Sharing or Matching

Under Federal research proposals, voluntary committed cost sharing is not expected. It cannot be used as a factor during the merit review of applications or proposals, but may be considered if it is both in accordance with Federal awarding agency regulations and specified in a notice of funding opportunity. Criteria for considering voluntary committed cost sharing and any other program policy factors that may be used to determine who may receive a Federal award must be explicitly described in the notice of funding opportunity. See also §§ 200.414 and 200.204 and appendix I to this part.

For all Federal awards, any shared costs or matching funds and all contributions, including cash and third-party in-kind contributions, must be accepted as part of the non-Federal entity's cost sharing or matching when such contributions meet all of the following criteria:

- Are verifiable from the non-Federal entity's records;
- Are not included as contributions for any other Federal award;
- Are necessary and reasonable for accomplishment of project or program objectives;
- Are allowable under subpart E of this part;
- Are not paid by the Federal Government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs;
- Are provided for in the approved budget when required by the Federal awarding agency; and
- Conform to other provisions of this part, as applicable.

Valuation of In-Kind

This is the process for how non-Federal match through third party contributions of goods, supplies, assets and volunteer services are valued.

1.0 When goods/supplies are purchased by a third party and donated to a federal program proof of purchase such as a receipt is preferred.

1.1. Receipt is attached to a donation form created and used by specific programs as needed.

- 1.2. The form is completed by the signature of who donated the items, the item description, and the cost.
- 2.0 When goods/supplies are donated by a business then a letter is required from the done on their letterhead requiring a description of the items donated, date of donation, and the cost of each item.
- 3.0 Goods/Supplies that may be donated through other means is recorded with the date received and a description.
- 3.1 Prices for these goods/supplies are gathered based on research via the internet or other means where comparable goods/supplies or the actual items are found and retail prices are listed.
- 4.0 Volunteer times are recorded on the volunteer sign in sheets.
- 4.1 They must be complete including the date of service, the person who volunteered, the services performed, and their signature.
- 5.0 At the end of each month sign in sheets are submitted to the District.
- 6.0 The Business office will validate the volunteer time when it is necessary to have for cost sharing/matching.
- 6.1 Verifying each volunteer sign in is complete.
- 6.2 If they are not completely filled out per sign in, then the time volunteered is not valued and therefore not recorded as non-Federal match.
- 7.0 The value assigned to their time is based on the hourly rate plus fringe benefit of a salary comparable to job duties performed.
- 8.0 If a professional volunteer is in the classroom within their professional realm, then a reasonable value is assigned.
- 8.1 If professional volunteers in the classroom and the time served are not in their professional realm, then the hourly rate plus fringe of a salary comparable to job duties performed.
- 9.0 When land, building, or space is donated to the Head Start/Early Head Start Program information is documented:
- 9.1 Date of Receipt
- 9.2 Description of item with specifics to location, dimensions, etc.
- 10.0 A local Appraiser will be contacted so a fair market value study can be done.

Donations

Donations are made by outside entities or individuals for the benefit of students or faculty. Donations are made without any return consideration going back to the donor, and may be in the form of volunteer hours, materials, equipment, furniture, real property, crowdfunding or money. (Board Policy CDC Local).

District employees are prohibited by law from intentionally or knowingly offering, conferring, agreeing to confer on another, soliciting, accepting, or agreeing to accept a personal gift or benefit. District funds may not

be donated to another entity.

District staff shall not utilize an external donor website to seek donations for the District or a campus without the written authorization from the Superintendent or designee. Donor websites shall not be established by the District for the personal benefit of a staff member or student. If a District staff member or student establishes a personal donor webpage, the webpage link may be distributed via campus email to all staff and/or students with the written authorization from the Superintendent or designee.

Donations, if any, received through the donor website shall be deposited in the appropriate depository account. All expenditures with the donated funds shall follow the established purchasing and payment procedures.

Monetary Donations

Monetary donations shall be deposited in a District account. The District will attempt to spend the funds in a manner consistent with the donor's wishes; however, the District has ultimate authority to determine the appropriate use of the donated funds and to spend in accordance with District guidelines.

Cash or check donations shall be deposited to the correct account as follows:

- Cash or check donations without restrictions, donations not intended for a specific account should be placed in a separate account established for documenting the use of these funds.
- Donations to a campus with restrictions, deposit funds in the specified campus Activity account.
- Donations of any amount for the general use of the District are to be sent to the business office for deposit to the General Fund.

Gift Card Purchases and Donations

To enhance the availability of access to local vendors for purchasing goods, the District purchases gift cards for employee use. The District does not accept gift cards donations for District use.

- 1.0 District purchased gift card use are for school purchases only and no personal purchases are allowed.
- 2.0 District purchased gift cards are maintained at the District level and stored in a safe place.
- 3.0 Use of a district purchased gift cards are requested through the pre-acquisition process.
- 4.0 Upon approval employees:
 - 4.1 Check out the gift card via signature.
 - 4.2 Make purchase for district use.
 - 4.3 Return receipt and card.
- 5.0 District personnel verify the purchase.
 - 5.1 Receipts are kept with the card.

5.2 Balances are monitored.

5.3 Upon depletion of the card:

5.3.1 The card is destroyed.

5.3.2 All receipts are filed with the original check in which the card was purchased.

6.0 New cards are purchased as needed.

Non-Monetary Donations

Donations of tangible property shall become the sole property of the District for its use and disposed of in accordance with [\(Board Policy, CI Local\)](#) and [\(Board Policy, CI-R\)](#).

Donations of tangible property with a value of \$1,000 or more must be reported immediately to the [Property and Records Manager](#) to be entered into the District's fixed assets inventory system. The District shall assume no obligation to maintain or replace donated items that have been worn out, lost, or destroyed.

Technology Donations

Technology-related equipment that is donated to the District must be coordinated and/or purchased through Technology Services to ensure minimum technology standards are met. All technology equipment must be used in accordance with [\(Board Policy, CQ Local\)](#).

Vehicle Donations

Before a vehicle can be accepted as a donated asset, a complete analysis must be conducted to determine if the vehicle is operational and will pass inspection. All costs (i.e., repairs, maintenance, inspections, insurance and the like) must be given careful consideration prior to determining if ownership is fully justified. Vehicles shall have a free and clear title and the official title of ownership must be transferred to the District.

Outdoor Equipment Donations

Donated or used outdoor equipment shall not be accepted. All outdoor equipment purchases (i.e., playground equipment, benches, tables, trash cans, etc.) shall be coordinated and purchased through the Purchasing Department. Outdoor equipment shall be requested on a "Request for Outdoor Equipment Purchase" Form.

Donation Acknowledgment/Acceptance

Albany ISD is a public-school district and is a political subdivision of the State of Texas. The District is not a tax-exempt entity under the Internal Revenue Service (IRS) Code Section 501(c)(3). However, the District is considered a tax-exempt organization that may receive charitable contributions according to the IRS Code Section 170(c)(1).

The District may receive charitable contributions if they are for public purposes, such as benefiting a group and not an individual. Contributions may be made to the District, District schools, District departments, or various District groups and clubs. These charitable contributions are deductible by the contributor on their tax return. The federal identification number of Independent School District is 75-6000016.

Please note, contributions made to various parent organizations, such as PTOs and Booster Clubs, are not contributions to the District. Since these organizations are separate entities from the District, the District's tax-exempt status does not apply to these organizations. These organizations must apply for their tax-exempt status under IRS Code Section 501(c)(3). Evidence of their tax-exempt status would be a Determination Letter from the IRS. When a PTO or Booster Club donates monetary or non-monetary items to the District, then the donation is considered a contribution to the District.

The following procedures shall be followed when a donation is received:

- 1.0 The Board of Trustees of the district may choose to accept or reject any gift or donation on behalf of the district.
- 2.0 The Board of Trustees may conduct a closed meeting to deliberate a negotiated contract for a prospective gift or donation to the district if deliberation in an open meeting would have a detrimental effect of the Board's position in negotiations with a third person. (Government Code 551.074)
- 3.0 Donations valued at less than 199.99 do not require approval.
- 4.0 Donations valued between \$200 and \$1,000 must have Superintendent approval. The Donation Acceptance form will be filled out by the Business Manager and signed by the Superintendent.
- 5.0 Donations valued at \$1,000.01 and over must have Board approval. The Donation Acceptance form will be filled out by the Business Manager. The donation will be included on the agenda for the first school board meeting after the donation was received.
- 6.0 Donors may wish to remain anonymous and will be acknowledged as such.
- 7.0 Business Manager will prepare and mail a tax letter to the donors signed by the Superintendent.
- 8.0 All donations shall be provided by the donor with no conditions attached.

Program Income

Program income means gross income earned by the District that is directly generated by a supported activity or earned as a result of the federal award during the grant's period of performance. 2 CFR § 200.307.

Program income 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 (costs to purchase or fabricate items must be allowable under the grant and the activities must be appropriate for the grant program)
- license fees and royalties on patents and copyrights
- principal and interest on loans made with federal award funds

Interest earned on advances of federal funds is *not* program income. Except as otherwise provided in federal statutes, regulations, or the terms and conditions of the federal award, program income does *not* include rebates,

credits, discounts, and interest earned on any of these. 2 CFR § 200.80. Additionally, taxes, special assessments, levies, fines, and other such revenues raised by the District are *not* program income unless the revenues are specifically identified in the federal award or federal awarding agency regulations as program income. Finally, proceeds from the sale of real property, equipment, or supplies are *not* program income. 2 CFR § 200.307

The District will describe in the applicable grant application any program income it wishes to earn, including a description of the activity/activities that will be conducted to earn program income and how the activity(ies) will further the objectives of the grant program. The Superintendent will make the final determination if the activity that is proposed to generate program income is suitable for the program and whether it is permissible to proceed with requesting it in the application.

Use of Program Income

Deduction Method: Per federal regulations, the default method for the use of program income for the District is the *deduction* method. 2 CFR § 200.307(e). Under the *deduction* method, program income is *deducted* from *total* allowable costs to determine the *net* allowable costs. Thus, prior to submitting the expenditure report, the amount of program income must be deducted from total expenditures. Program income will only be used for current costs unless the District is otherwise directed by TEA or other awarding agency. 2 CFR § 200.307(e)(1).

Addition Method: The District may also request written prior approval from the TEA Chief Grants Administrator (or other awarding agency) to use the *addition* method. Under the *addition* method, program income may be *added* to the Federal award. The program income must then be used for the purposes and under the conditions of the Federal award. 2 CFR § 200.307(e)(2)

While the *deduction* method is the default method, the District always refers to the NOGA/GAN prior to determining the appropriate use of program income. If the NOGA/GAN does not address the use of program income or does not authorize districts to use the *addition* method, the District must determine if it needs to request authorization from TEA or other awarding agency to apply the *addition* method if it is in the best interest of the District.

Reporting Program Income

If the District earns any program income, all program income will be reported on the expenditure report, even when the District has been given permission in the application to retain the program income and add it to the grant funds.

Earning Program Income after the Grant Period

There are no federal requirements governing the disposition of program income earned after the end of the grant period, unless the terms of the agreement or the program-specific federal regulations provide otherwise. After the ending date of the grant, the District is no longer required to report any program income generated for the grant. For multi-year discretionary grant projects, this means at the end of the multi-year grant project.

Cash Reporting

Cash Receipts

1.0 Cash receipts consist of checks, money orders and cash received from various sources.

- 1.1 Any employee collecting monies shall submit money and appropriate documentation for the collection of the money to the campus secretary on a daily basis.
- 1.2 Documentation shall include: purpose, from whom it came, individual dollar amount, total money collected, and date and signature of person collecting money.
- 1.3 When the employee submits the collected money to the campus secretary, the secretary will verify the amount collected by counting the money in the presence of the employee. Secretary and employee will initial documentation.
- 1.4 The campus secretary will complete daily the appropriate cash receipt form with attached documentation and money received.
 - 1.4.1 The campus secretary will take the money to the bank.
 - 1.4.1.1 The deposit slip is turned into the Business office.
 - 1.4.2 The campus secretary will turn the money into the Business office.
 - 1.4.2.1 The business office will verify the total on the appropriate cash receipt form in the presence of campus secretary. The secretary and business office personnel will initial documentation.
 - 1.4.2.2 The business office will complete a deposit slip and attach to the cash receipt form.
- 1.5 The deposit slip will be created by the business office for the cash received and taken to the bank for deposit.
- 1.6 The deposit is entered into Ascender.
- 1.7 Cash receipt number will be recorded on the deposit slip.

Accounts Receivable

This procedure applies to the Business office department and how accounts receivable is processed.

- 1.0 When funds are owed to Albany ISD an invoice will be generated and delivered by mail, email or fax.
- 2.0 Outstanding invoices will be maintained by the Business office.
- 3.0 When invoices are paid funds will be deposited into the correct bank account.
- 4.0 Outstanding invoices maintained by the Business office will be updated.

Cash Transfer

This procedure applies to the business office and how transferring of funds is processed.

- 1.0 Cash is maintained in two forms: checking and certificates of deposit. Transfers are made between District to District and District to Campus checking accounts.
 - 1.1 Checking account must remain positive.
 - 1.2 Checking account balance funds must be kept secured.
- 2.0 The Business Manager reviews the status of the District checking accounts as needed.
 - 2.1 If a transfer needs to be made it is electronically setup through the online banking system provided by the Depository bank.
 - 2.2 A verification report is printed and file.
- 3.0 The transaction is recorded in Ascender as either a cash receipt or a general journal entry.

Returned Checks

- 1.0 Returned checks are checks previously deposited which are returned unpaid by the bank because of insufficient funds, account closed, stop payment, etc.
- 2.0 The bank will send returned checks to the Business office or Campus Principal's Office.
 - 2.1 No other checks shall be accepted from the individual until the check is redeemed.
 - 2.2 Immediate action is instrumental in collecting on a returned check.
- 3.0 Appropriate personnel will contact the individual for payment on the returned check. It must be paid off with cash, cashier's check or a money order.
 - 3.1 If initial collection efforts fail (verbal or written), the next step is to send a letter by certified mail, return receipt requested.
 - 3.2 If still unable to collect, the local enforcement department may be contacted.
- 4.0 When payment is received, prepare a cash receipt (include the number of the original check) for the payment and return the original check to the check maker. Indicate on the cash receipt in the "for" section that it is payment for a returned check.

Annual Operating Budgeting

General Information

The annual operating budget is the foundation on which annual school district activities are dependent. The budget is prepared in accordance with generally accepted accounting principles and state guidelines. State guidelines are administered and monitored by the Texas Education Agency (TEA). Detailed information can be obtained at <http://www.tea.state.tx.us/school.finance/audit/resguide12/far> by referencing the Financial Accountability System Resource Guide (FASRG).

The budget is adopted by the Board of Trustees (BOT) prior to the beginning of the fiscal year (September 1st – August 31st).

Annual Budget Procedure

The following procedures apply to the annual budgeting process.

- 1.0 Budget gathering documents are sent to the campuses in February/March for the next fiscal year.
- 2.0 Staff participation in the budget process is required.
 - 2.1 It is now a requirement of the Texas Education Code that your Campus Improvement Council (CIC) also participate in the budget process.
- 3.0 Special revenue gathering documents are sent in April/May to allow for receipt of Notice of Grant Awards (NOGA).
- 4.0 Detailed instructions will be provided by the business office regarding the preparation of your budget worksheet.
 - 4.1 New program needs shall be explained in detail and reference the related accounts.
 - 4.2 Salaries and related benefit accounts are calculated by the business office.
 - 4.3 Extra pay, part-time pay, and substitutes shall be budgeted by the Business office.
 - 4.4 When proposing an increase to the number of positions, submit detailed explanations and/or justifications to the Superintendent for approval.

Grant Budgeting

The Planning Phase: Meetings and Discussions

Before Developing the Grant Budget and Submitting the Application: The grant budget must be based on the proposed activities planned and described in the grant application. Prior to developing the budget, the Superintendent must know the intent of the federal program and the activities that are allowable to be conducted with grant funds. The Superintendent must coordinate with other District staff as appropriate to conduct the appropriate needs analysis using the appropriate data to determine the goals and objectives for the program and the activities that will be implemented to accomplish the goals and objectives. Once the goals, objectives, strategies, and activities are outlined, then the budget to carry out the identified strategies and activities should be developed.

Prior to completing the application, the Superintendent develops a detailed budget in a document (such as in an Excel spreadsheet) separate from the application. The Superintendent coordinates with the District's business office in preparing the budget to ensure budgeted items are categorized according to the proper class/object code. This detailed budget, which serves as the guide for expenditures and becomes part of the "working papers" maintained by the program manager, is used to complete the application. In most instances, particularly for formula grants, the budget entered into the grant application will not be as detailed. The detailed budget is to be modified or revised as necessary to accommodate changes, which may result in an amendment to the application prior to incurring certain expenditures.

The Business Manager reviews the items in the proposed budget to ensure budgeted items are listed in the correct class/object code according to FAR and the District's classification chart and to ensure the items are allowable. The budget is also reviewed to ensure that any costs requiring specific or prior approval are specifically identified and listed.

Once all budgeted items are allowable and are budgeted in the proper class/object code according to FAR, the budget is sent to the Superintendent for final review and approval. The Superintendent then enters the final approved budget into the appropriate budget schedules of the grant application.

Grant Budget Procedure

This procedure applies to personnel who are required to assist and submit financial information so that budgets can be developed and maintained for specific federal and state programs.

- 1.0 Upon notification from federal and state programs the District will begin to prepare the grant documents.
- 2.0 The Superintendent, Principals, along with others associated with the funds will meet to discuss the intent of the funds.
- 3.0 The Superintendent, Principals and others associated with the funds will complete the program portion of the grant document.
- 4.0 The Superintendent and Business Manager will complete the budget portion of the grant documents.
- 5.0 Once all portions are completed the Superintendent submits to the appropriate agency.

Negotiating the Submitted Application

Once the grant application is submitted to the awarding agency, the designated program contact, usually the Superintendent, is available via phone and/or e-mail in the event that the awarding agency needs to contact the District to negotiate the application or to ask questions or seek clarification related to the proposed program and/or budget. The Superintendent will seek guidance, if needed, from Principals and others associated with the funds and will respond to any inquiries from the awarding agency.

After Receiving the Approved Application and NOGA/GAN

After receiving the approved application and NOGA/GAN from the awarding agency, a complete copy of the application and NOGA/GAN will be provided to the Business office.

All grant budgets are entered into the accounts of the District in the general ledger as approved in the application.

Amending the Application

The District consults and complies with the guidelines and procedures provided by TEA or other awarding agency as it pertains to when and how to submit an amendment to an approved application. TEA publishes its requirements for [when to amend the application](#) online. Specific deadlines for submitting amendments are published in the corresponding RFA and/or in the *Critical Events* calendar on the [TEA Grant Opportunities Page](#) for the specific grant program. Procedures are in place to ensure the District does not exceed any maximum allowable variation in the budget.

Budget Amendments

The procedure applies to budgets when amendments are needed.

- 1.0 Periodically, all budget accounts will be reviewed by the Business office. Amendments may be necessary when over or under estimates have been made relative to revenue or expenditures, or when general budgetary cutbacks become necessary.
- 2.0 Budget amendments for local funds (Example: General Operating) will be recoded on the Budget Amendment Summary Form and will be placed on the next Board of Trustee agenda for approval.
- 3.0 Budget amendments for grants (Example: Title I) will follow rules as dictated by the grant guidelines and submitted to the appropriate authority for approval.
- 4.0 All budget amendments will be entered into Ascender.

Property Management System

The District provides the equivalent insurance coverage for real property and equipment acquired or improved with Federal funds as provided to property owned by District. Federally-owned property need not be insured unless required by the terms and conditions of the Federal award. 2 CFR § 200.310

Real property, equipment, and intangible property, that are acquired or improved with a Federal award must be held in trust by the District 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 District 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 2 CFR § 200.316

Property Classifications

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 District for financial statement purposes, or \$5,000. 2 CFR § 200.10.

Supplies means all tangible personal property other than those described in §200.1 Equipment. A *computing device* is a supply if the acquisition cost is less \$5,000, regardless of the length of its useful life. 2 CFR § 200.10.

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. 2 CFR § 200.10.

Capital assets means tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP. Capital assets include:

- Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; 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). 2 CFR § 200.10.

Real Property

Subject to the requirements and conditions set forth in this section, title to real property acquired or improved under a Federal award will vest upon acquisition in the District.

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 District must not dispose of or encumber its title or other interests.

When real property is no longer needed for the originally authorized purpose, the District must obtain disposition instructions from the Federal awarding agency or pass through entity. The instructions must provide for one of the following alternatives:(1) 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 District 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.

(2) 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 offset against the original cost of the property. When the District 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. (3) Transfer title to the Federal awarding agency or to a third party designated/approved by the Federal awarding agency. The District is entitled to be paid an amount calculated by applying the District'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. CFR 200.311

Title to federally-owned property remains vested in the Federal Government. The District must submit annually an inventory listing of federally-owned property in its custody to the Federal awarding agency. Upon completion of the Federal award or when the property is no longer needed, the District must report the property to the Federal awarding agency for further Federal agency utilization. (b) If the Federal awarding agency has no further need for the property, it must declare the property excess and report it for disposal to the appropriate Federal disposal authority, unless the Federal awarding agency has statutory authority to dispose of the property by alternative methods (*e.g.*, the authority provided by the Federal Technology Transfer Act (15 U.S.C. 3710 (i)) to donate research equipment to educational and nonprofit organizations in accordance with Executive Order 12999,

“Educational Technology: Ensuring Opportunity for All Children in the Next Century.”). The Federal awarding agency must issue appropriate instructions to the District. (c) Exempt property means property acquired under a Federal award where the Federal awarding agency has chosen to vest title to the property to the District without further responsibility to the Federal Government, based upon the explicit terms and conditions of the Federal award. The Federal awarding agency may exercise this option when statutory authority exists. Absent statutory authority and specific terms and conditions of the Federal award, title to exempt property acquired under the Federal award remains with the Federal Government. CFR 200.312

Intangible Property

Title to intangible property acquired under a Federal award vests upon acquisition in the District. The District must use that property for the originally-authorized purpose, and must not encumber the property without approval of the Federal awarding agency. When no longer needed for the originally authorized purpose, disposition of the intangible property must occur in accordance with the provisions in §200.313(e).

The non-Federal entity may copyright any work that is subject to copyright and was developed, or for which ownership was acquired, under a Federal award. The Federal awarding agency reserves a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use the work for Federal purposes, and to authorize others to do so.

The non-Federal entity is subject to applicable regulations governing patents and inventions, including government wide regulations issued by the Department of Commerce at 37 CFR part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Awards, Contracts and Cooperative Agreements.”

The Federal Government has the right to: (1) Obtain, reproduce, publish, or otherwise use the data produced under a Federal award; and (2) Authorize others to receive, reproduce, publish, or otherwise use such data for Federal purposes.

In response to a Freedom of Information Act (FOIA) request for research data relating to published research findings produced under a Federal award that were used by the Federal Government in developing an agency action that has the force and effect of law, the Federal awarding agency must request, and the District must provide, within a reasonable time, the research data so that they can be made available to the public through the procedures established under the FOIA. If the Federal awarding agency obtains the research data solely in response to a FOIA request, the Federal awarding agency may charge the requester a reasonable fee equaling the full incremental cost of obtaining the research data. This fee should reflect costs incurred by the Federal agency and the District. This fee is in addition to any fees the Federal awarding agency may assess under the FOIA (5 U.S.C. 552(a)(4)(A)).

Published research findings means when: Research findings are published in a peer-reviewed scientific or technical journal; or A Federal agency publicly and officially cites the research findings in support of an agency action that has the force and effect of law. “Used by the Federal Government in developing an agency action that has the force and effect of law” is defined as when an agency publicly and officially cites the research findings in support of an agency action that has the force and effect of law.

Research data means the recorded factual material commonly accepted in the scientific community as necessary to validate research findings, but not any of the following: Preliminary analyses, drafts of scientific papers, plans for future research, peer reviews, or communications with colleagues. This “recorded” material excludes physical objects (*e.g.*, laboratory samples). Research data also do not include: Trade secrets, commercial

information, materials necessary to be held confidential by a researcher until they are published, or similar information which is protected under law; and Personnel and medical information and similar information the disclosure of which would constitute a clearly unwarranted invasion of personal privacy, such as information that could be used to identify a particular person in a research study.

Maintaining Inventory Items

The procedure applies to tangible items being purchased by the District.

- 1.0 For equipment with a value of \$500 or greater, but less than \$5,000 and a useful life of more than one year.
 - 1.1 The Business Manager enters the item information into the Ascender Asset Management System recording:
 - 1.1.1 Item type as Inventory
 - 1.1.2 Location
 - 1.1.3 Acquired Date
 - 1.1.4 Description
 - 1.1.5 Serial Number
 - 1.1.6 Cost
 - 1.1.7 Account Code
 - 1.1.8 Any additional information deemed important
- 2.0 A sticker with the inventory number is attached to the item.
- 3.0 When items have been disposed of departments are responsible for completing the School Property Disposition Form.
 - 3.1 Completed form is received by the Business office.
 - 3.2 Business Manager deletes the item from the Ascender Asset Management System.
- 4.0 A physical inventory of items is taken and records are updated in the Ascender Asset Management System every two years.

Capitalized Fixed Assets

The procedure applies to all tangible items purchased by the District with a value of \$5,000 or more.

- 1.0 The same procedures are followed as used for items identified as inventory item.

Lost or Stolen Items

The District maintains a control system that ensures adequate safeguards are in place to prevent loss, damage, or theft of the property. Any loss, damage, or theft is investigated. 2 CFR § 200.313(d)(3).

Use of Equipment

Equipment will be used 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. The District will not encumber the property without prior approval of TEA and 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 which funded the original program or project; then (2) activities under federal awards from other federal awarding agencies.

During the time equipment is used on the project or program for which it was acquired, the equipment will also be made 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. Second preference is given to programs or projects under federal awards from other federal awarding agencies. Use for non-federally funded programs or projects is also permissible. However, the original purchase of any equipment to be used in other programs will be properly allocated (i.e., prorated) among the applicable funding sources.

Disposal of Equipment and Supplies

In accordance with 2 CFR §200.313(e), when it is determined that 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 Director/Associate Director will contact the TEA Chief Grants Administrator or other awarding agency for disposition instructions.

Generally, disposition of equipment is dependent on its fair market value (FMV) at the time of disposition.

- An item that has a current FMV of **\$5,000 or less**, may be retained, sold, or otherwise disposed of with no further obligation to TEA or other federal awarding agency. However, TEA must still approve disposition in accordance with specified procedures.
- If an item has a current FMV of **more than \$5,000**, TEA or other federal awarding agency is entitled to the federal share of the current market value or sales proceeds. Pursuant to the provisions in 2 CFR § 200.313(d)(5), the District uses procedures to ensure the highest possible return. TEA must approve the disposition.

If acquiring replacement equipment, the District 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 property. Disposition of equipment will be properly recorded in the Ascender.

Additionally, TEA's [General Provisions and Assurances](#) for all grants (state and federal) administered by TEA contain the following provision:

V. Capital Outlay: If the Contractor purchases capital outlay (furniture and/or equipment) to accomplish the objective(s) of the project, title will remain with the Contractor for the period of the Contract. The Agency reserves the right to transfer capital outlay items for Contract noncompliance during the Contract period or as needed after the ending date of the Contract. This provision applies to any and all furniture and/or equipment regardless of unit price and how the item is classified in the Contractor's accounting record.

Disposal of Surplus Property

When the property under a Federal award is no longer needed, the district must request disposition instructions from the Federal awarding agency if required by the terms and conditions of the Federal award. If the district is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return. This procedure applies when disposing of district surplus property. (2 CFR 200.313(e)).

- 1.0 Superintendent will determine if District personal property has become surplus.
- 2.0 If property is deemed surplus, then Superintendent will see if any other Department at the District can use the item.
 - 2.1 If the item is not needed by other departments then it may be disposed of.
- 3.0 If items of surplus have a fair market value of less than \$5,000.00 they can be sold by informal procedures determined by the Superintendent.
 - 3.1 The Superintendent will issue receipts of the sale and forward to the business office to record.
- 4.0 If the items of surplus are valued over \$5,000.00 prior approval must be obtained from the cognitive agency.
 - 4.1 The cognitive agency will determine the method of disposal.
- 5.0 Items determined to have no value are discarded as desired.
- 6.0 When property is disposed of the School Property Disposition form is completed, submitted to the Business office and recorded in the Ascender Asset Management System.

Procurement Standards

Module 5 of TEA's [FASRG](#) outlines requirements and best practices related to the purchasing function. Reflecting state (and some federal) requirements for purchasing, *Module 5* is based on statutes containing requirements for districts for competitive *purchasing/contracting processes* found in the *Texas Education Code*, *Local Government Code*, *Texas Government Code*, *Texas Revised Civil Statutes*, Texas Attorney General Opinions, federal regulations and other sources. The *Handbook on Purchasing for Texas Public Schools, Junior Colleges and Community Colleges* ([Appendix 1 of Module 3](#)) was written to provide information about purchasing and also be a ready reference regarding:

- Purchasing ethics
- Questions and answers on bidding and purchasing topics
- Example purchasing documents
- Purchasing laws
- Texas Attorney General Opinions
- Definitions of purchasing terms

According to *Section 271.003(9), Local Government Code*, "school district" means an independent school district, common school district, community college district, junior college district or regional college district organized under the laws of this state. Therefore, the District is required to comply with all requirements outlined in *Module 5* and in state law.

In accordance with TEA's *purchasing policy* established in *Module 5*, the District's objective is to purchase the best products, materials, and services at the lowest practical prices within relevant statutes and policies. It is important to acquire goods and services for the best price through fair and open competition to protect the interest of the local, state, and federal government while still maintaining the desired quality and minimizing exposure to misuse of funds.

Also, in accordance with *Module 5*, the District's administrative *procedures* pertaining to purchasing goods and services shall reflect *quality assurance* and *quality control*, including an analysis of products provided through the procurement process, a review of services provided, and a review of vendor performance. Additionally, the District's purchasing practices and procedures must comply with federal procurement standards, some of which are already incorporated into *Module 5*. It should be noted that some state requirements for purchasing are more restrictive than the federal requirements. Key state requirements that are more restrictive are noted in this section. In some situations, the federal requirements pertaining to purchasing methods are more restrictive than state of Texas requirements. In other situations, the state requirements are more restrictive than the federal requirements. Therefore, when determining the method that must be used in a particular purchasing situation, the more restrictive method or requirement must be used in each case.

Use of Intergovernmental Agreements

To foster greater economy and efficiency, the District enters into state and local intergovernmental agreements where appropriate for procurement or use of common or shared goods and services. 2 CFR § 200.318(e). This includes cooperative purchasing agreements as well as shared services arrangements (SSAs) where practical and beneficial. Cooperative purchasing is described in *Module 5*. SSAs as they pertain to a particular grant program are described in section 1.3.1 of *Module 1* (FAR).

Inter-local Contract

This procedure defines the process for purchases using Inter-Local Contracts to foster greater economy and efficiency. (2 CFR 200.318(e), FASRG Module 5).

- 1.0 District has contracted or agreed with other local governments to purchase goods and any services reasonably required for the installation, operation, or maintenance of the goods.
- 2.0 Requirements for inter-local contracts include:

- 2.1 Authorization by the governing body of each party to the contract.
- 2.2 Statement of the purpose, terms, rights and duties of the contracting parties.
- 2.3 Specification that each party paying for the performance of governmental functions or services must make those payments from current revenues available to the paying party.
- 3.0 Inter-local contracts available to the District includes; the State of Texas Comptroller and any other agency in which an inter-local contract has been established.

Cooperative Purchasing Program

This procedure defines the process for receiving goods and/or services with another local government or organization. (FASRG Module 5).

- 1.0 The District has contracted or agreed with other local governments to purchase goods and any services reasonably required for the installation, operation, or maintenance of the goods.
- 2.0 When goods are needed the appropriate personnel (i.e. Principal, Superintendent, etc.) receives the Pre-Acquisition form requesting the goods, contracts are searched to see if items are available.
 - 2.1 If an inter-local contract has the items needed the contract number, vendor, pricing are obtained.
 - 2.2 If items are not available through an inter-local contract the requestor obtains quotes for the purchase.
- 3.0 The District will not enter into a contract to purchase construction-related goods or services in an amount greater than \$50,000 unless a person designated by the District certifies in writing that:
 - 3.1 The project does not require the preparation of plans and specifications under the Texas occupations code, Chapter 1001 or Chapter 1051.
 - 3.2 The plans and specifications required under the Texas Occupations code, Chapter 1001 and Chapter 1051, have been prepared.
- 4.0 Inter-local contracts available, but limited to, the District include:
 - 4.1 Buy Board - <http://www.buyboard.com>
 - 4.2 Texas Inter-local Purchasing Systems - www.Tips-texas.com
 - 4.3 Omnia - <https://public.omniapartners.com/>
 - 4.4 National Cooperative Purchasing Alliance - <http://www.ncpa.us>
 - 4.5 Texas Building and Procurement Commission – <http://www.tbpc.state.tx.us.stpurch/coopmain.html>

Settlements of Issues Arising Out of Procurements

The District alone is responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements made with federal funds. 2 CFR § 200.318(k). These issues include, but are not limited to, source evaluation (i.e., analyzing information *sources* in order to assess their credibility), protests, disputes, and claims. These standards do not relieve the District of any contractual responsibilities under its contracts. Violations of law will be referred to the local, state, or federal authority having proper jurisdiction. The Superintendent is the primary office responsible for handling and coordinating the settlement of any contractual and administrative issues arising out of procurements.

Protest Procedures to Resolve Disputes

The District maintains protest procedures to handle and resolve disputes relating to procurements made with federal funds and, in all instances, discloses information regarding the protest to TEA or other awarding agency. 2 CFR § 200.318(k). The protestor must exhaust all administrative remedies with the District before pursuing a protest with a federal agency. The Superintendent in the District is the primary office responsible for handling and coordinating any disputes relating to procurements.

Full and Open Competition

All procurement transactions are conducted in a manner providing *full and open competition* consistent with 2 C.F.R § 200.319. In an environment of full and open competition, no proposer or bidder has a competitive advantage over another. All potential proposers and bidders must be provided the same information and have the same opportunity to submit a bid or proposal. Providing a competitive advantage to one or more potential proposers or bidders over another can open up the potential for disputes and lawsuits that can be costly and can significantly delay the completion of projects.

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 (RFPs) are excluded from competing for such procurements 2 C.F.R § 200.319(b). The District does not engage in the following situations that may restrict *full and open competition*, including but 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. 2 CFR § 200.319(a)

Geographical Preferences Prohibited

The District conducts federal 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. 2 CFR § 200.319(c). Accordingly, when purchasing with federal funds, the District does not give preference to a contractor/vendor which is located in Texas or the local or surrounding community simply due to the location. 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 an appropriate number of qualified firms, given the nature and size of the project, are left to compete for the contract.

Solicitation Language

All solicitations will incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description will not, in competitive procurements, contain features which unduly restrict competition. The description will include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, will set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications will 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 will be clearly stated and will identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals. 2 CFR § 200.319(d1)

Methods of Procurement

Unless otherwise more restrictive in federal law for procurement with federal funds, the District complies with the purchasing methods prescribed in TEA’s [FASRG](#) and in state law for all purchases regardless of the funding source (i.e., state, local, or federal).

Up to \$49,999.99	Informal Procurement Methods
\$50,000 and above	Formal Procurement Methods

Texas Education Code § 44.031 (a) states that all school district contracts for the purchase of goods and services valued at **\$50,000 or more** in the aggregate, for each 12-month period are to be made by the method that provides the best value to the district. This does not apply to contracts for the purchase of produce or vehicle fuel.

The law enumerates several options for competitive procurement that are available to school districts. One of these options must be used for contracts expected to equal or exceed \$50,000 regardless of the funding source (i.e., state, local, or federal):

- (1) competitive bidding
- (2) competitive sealed proposals
- (3) request for proposals, for services other than construction services
- (4) inter-local contracts
- (5) design-build contracts
- (6) contract to construct, rehabilitate, alter, or repair facilities that involve using a construction manager
- (7) a job order contract for the minor construction, repair, rehabilitation, or alteration of a facility
- (8) reverse auction procedure as defined by Section 2155.062(d), Government Code; or

(9) the formation of a political subdivision corporation under Section 304.001, Local Government Code."

Informal Procurement Methods

When the value of the procurement for property or services does not exceed the *simplified acquisition threshold (SAT)*, as defined in § 200.1, or a lower threshold formal procurement method are not required. Informal procurement methods may be used to expedite the completion of its transactions and minimize the associated administrative burden and cost. The informal methods used for procurement of property or services at or below the SAT include:

(1) *Micro-purchases* – (up to 10,000)

(i) *Distribution*. The acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (See the definition of *micro-purchase* in §200.1). To the maximum extent practicable, the non-Federal entity should distribute micro-purchases equitably among qualified suppliers.

(ii) *Micro-purchase awards*. Micro-purchases may be awarded without soliciting competitive price or rate quotations if the non-Federal entity considers the price to be reasonable based on research, experience, purchase history or other information and documents it files accordingly. Purchase cards can be used for micro-purchases if procedures are documented and approved by entity.

(iii) *Micro-purchase thresholds*. The entity 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 entity must be authorized or not prohibited under State, local, or tribal laws or regulations. Entities may establish a threshold higher than the Federal threshold established in the Federal Acquisition Regulations (FAR) in accordance with paragraphs (a)(1)(iv) and (v) of this section.

(iv) *Entity may increase the micro-purchase threshold up to \$50,000*. Entities may establish a threshold higher than the micro-purchase threshold identified in the FAR in accordance with the requirements of this section. The entity may self-certify a threshold up to \$50,000 on an annual basis and must maintain documentation to be made available to the Federal awarding agency and auditors in accordance with § 200.334. The self-certification must include a justification, clear identification of the threshold, and supporting documentation of any of the following:

(A) A qualification as a low-risk auditee, in accordance with the criteria in § 200.520 for the most recent audit;

(B) An annual internal institutional risk assessment to identify, mitigate, and manage financial risks; or,

(C) For public institutions, a higher threshold consistent with State law.

(v) *Entity increase to the micro-purchase threshold over \$50,000*. Micro-purchase thresholds higher than \$50,000 must be approved by the cognizant agency for indirect costs. The entity must submit a request with the requirements included in paragraph (a)(1)(iv) of this section. The increased threshold is valid until there is a change in status in which the justification was approved.

(2) *Small purchases* – purchases valued up to \$49,999.99

- (i) *Small purchase procedures.* 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. 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 non-Federal entity.
- (ii) *Simplified acquisition thresholds.* The entity is responsible for determining an appropriate simplified acquisition threshold based on internal controls, an evaluation of risk and its documented procurement procedures which must not exceed the threshold established in the FAR. When applicable, a lower simplified acquisition threshold used by the entity must be authorized or not prohibited under State, local, or tribal laws or regulations.

Commodity Codes

Commodity codes use a series of numbers or letters to depict or represent a type of general or unique good or service. The decision to use one or more codes is a district decision and will be based on the annual aggregation and the ability of the finance system. The District choose to create its own list of commodity codes. The District has many different federal and state programs that result in specific expenditures. Therefore, commodity codes were created based on the funding source to identify expenditures as it relates to a function and/or need. For example, there are commodity codes used to identify general supplies for Migrant and Head Start because even though these are supplies the purchases are not interchangeable for the program and therefore not like items.

Purchasing Guidelines

This procedure outlines the process of how services and/or products are purchased by the District. (2 CFR § 200.320, FASRG Module 5,)

- 1.0 When employees are needing services and/or products they must complete a Pre-Acquisition Form.
- 2.0 When the approver receives the pre-acquisition form they must determine the best way to acquire the services and/or products.
- 3.0 When possible, all purchases are made through inter-local contracts.
- 4.0 If items and/or services are not available through an inter-local contract, then the requester gathers quotes.
- 5.0 Some goods and/or services (depending on their nature) may be restricted to a:
 - 5.1 Emergency Purchases
 - 5.2 Proprietary Purchase
 - 5.3 Professional Services

- 5.4 Consulting Services
- 5.5 Sole Source
- 5.6 When goods and/or services are requested and exceed \$49,999.99 the following procedures must be completed:
 - 5.6.1 Competitive Sealed Proposals/Request for Proposal
 - 5.6.2 Competitive Bidding
- 6.0 Preferred American made products are purchased and documented with the purchasing acquisition
 - 6.1 Justification will be documented if American made products are not available or the cost is unreasonable.
- 7.0 Certifications will also be required based on type and dollar amount of purchase.
 - 7.1 Contracts up to \$10,000
 - 7.2 Contracts \$10,000 or more
 - 7.3 Contracts \$100,000 up to \$150,000
 - 7.4 Contracts \$150,000 or more
 - 7.5 Contracts \$250,000 or more
 - 7.6 Construction Contracts
 - 7.6.1 Davis Bacon contracts \$2,500 or more

Quotes for Purchases

This procedure defines the process for obtaining quotes for purchases less than \$50,000.00 (2 CFR 200.320(a)(b), FASRG Module 5, Texas Procurement Manual)

- 1.0 When goods and/or services are requested and not available thru an inter-local contract the requester is required to gather quotes.
- 2.0 Quotes may be obtained by fax, email, or internet research, and must be attached to the Pre-Acquisition Approval Form.

Formal Procurement Methods

A competitive proposal is normally used with more than one source submitting an offer, and either a *fixed price* or a *cost-reimbursement* type contract is awarded. (A *cost reimbursement contract* reimburses the contractor for

actual costs incurred to carry out the contract.) Competitive proposals are generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

- Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical.
- Proposals must be solicited from an adequate number of qualified sources.
- The District must have a written method for conducting technical evaluations of the proposals received and for selecting recipients.
- Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

When using federal funds, the District may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor 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 though A/E firms are a potential source to perform the proposed effort.

Sealed Bids (Formal Advertising)

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 bid method is the preferred method for procuring construction, if the following conditions apply:

- 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 known suppliers, providing them sufficient response time prior to the date set for opening the bids. The invitation for bids must be publicly advertised.

Contract Provisions

In all federally-funded contracts, the District includes the applicable provisions described in [Appendix II to 2 CFR Part 200 – Contract Provisions for non-Federal Entity Contracts under Federal Awards](#). 2 CFR § 200.327. Provisions include the following:

- 1.0 All contracts paid from state or federal grants administered by TEA must retain copyright for the Texas Education Agency (TEA) and for the federal government (if a federally funded contract) unless otherwise negotiated in writing with TEA. Pursuant to the provisions in 2 CFR § 200.315, title to intangible property vests in the District as long as such property is used for authorized purposes. However, TEA and the federal awarding agency reserve a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use the work for federal purposes, and to authorize others to do so.
 1. All contracts greater than \$150,000 must address administrative, contractual, or legal remedies.
 2. All contracts greater than \$10,000 must address termination for cause and for convenience.

3. All construction contracts must include the Equal Employment Opportunity clause.
4. All prime construction contracts in excess of \$2,000 must include a provision for compliance with the Davis-Bacon Act and its implementing regulations.
5. All contracts in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with the Contract Work Hours and Safety Standards Act and its implementing regulations.
6. All contracts that meet the definition of “funding agreement” and where the District wishes to enter into a contract with a small business firm or nonprofit organization must include a provision for compliance with the Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts, and Cooperative Agreements.
7. All contracts and sub-grants greater than \$150,000 must contain a provision for compliance with the Clean Air Act and the Federal Water Pollution Control Act and their implementing regulations.
8. All contracts must include compliance with the Energy Policy and Conservation Act pertaining to mandatory standards and policies relating to energy efficiency contained in the state energy conservation plan.
9. A contract or subcontract must not be made to any party that is debarred or suspended from receiving federal funds.
10. Lobbying Certification and Disclosure of Lobbying (Byrd Anti-Lobbying Amendment) – All contractors that apply or bid for an award of \$100,000 or more must file the required Lobbying Certification that it has not and will not use any federal funds to lobby. If *non*-federal funds are used to lobby, the contractor must complete the Disclosure of Lobbying and forward the disclosure to the next tier, who must forward it through each tier to the federal awarding agency.
11. All contracts greater than \$10,000 must include compliance with section 6002 of the Solid Waste Disposal Act and its implementing regulations. 2 CFR § 200.322

The District also adheres to the best practices recommended by TEA as it pertains to professional services contracts paid from federal grants. See *III. Procurement System, G. Contract Administration*.

Proposal Evaluation

As stated in the TEC, §44.031(b), in awarding a contract, a district shall consider:

- 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 district’s needs
- the vendor’s past relationship with the district
- the impact on the ability of the district to comply with laws relating to historically underutilized businesses
- the total long-term cost to the district to acquire the goods or services

- for a contract that is not for goods and services related to telecommunications and information services, building construction and maintenance, or instructional materials, if 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

Best value can be better defined as a means to make an award of a procurement other than solely based on price alone. Though price may be considered a high-level concern to the district due to budgetary constraints, other factors may include the reputation of the vendor (e.g., references), the past experience of the vendor in previous contracts with the district, the ability of the vendor to meet the needs of the district, or any other criteria the district may determine to be in its best interest. To determine which criteria should be considered the most important, weights or points can be assigned to each criterion based on how important it is. Here is an example of how points could be broken down.

Price	60 points
Service time	10 points
Resume of assigned staff	10 points
Past experience with district	10 points
Additional unspecified beneficial options	5 points
References	5 points
Total Points	100 points

Each solicitation is unique so modifications will be made to the criteria used and the points assigned to each. The use of 100 points is a good standard to follow. However, other point structures may be utilized depending on the procurement.

The business office will establish a formula to determine how price points will be assigned. The most objective way to do this is to make the points correlational by dividing the price bid by the lowest price of all responsive bids and multiplying the number by the points assigned.

Vendor A's bid Price	\$500,000
Vendor B's Bid Price – Lowest Responsible	\$450,000
Points Assigned to Criterion	60 points
Formula $(\$450,000/\$500,000) \times 60 =$	54 points for Vendor A

Competitive Sealed Proposals/Requests for Proposal

This procedure defines the process for obtaining competitive sealed proposals/ request for proposal for goods and/or services at or above \$50,000.00. (FARSG Module 5, Texas Government Code, 2 CFR 200.320)

- 1.0 The terms and conditions of competitive sealed proposals/ request process is identical to those for competitive bidding procedures.
 - 1.1 Except that changes in the proposal, and in prices, may be negotiated after proposals are opened.
- 2.0 The competitive sealed proposal process provides for full competition among proposals and allows for negotiation with the proposer or proposers to obtain the best services at the best price.
- 3.0 A Request for Proposals (RFP) is a part of the competitive sealed proposal process.

- 4.0 The RFP is the mechanism that generates the receipt of competitive sealed proposals and should contain the following key elements:
 - 4.1 Determination by board of trustees that this method will provide the best value for the District.
 - 4.2 Newspaper advertisement.
 - 4.3 Notice to proposers.
 - 4.4 Standard terms and conditions.
 - 4.5 Special terms and conditions.
 - 4.6 Scope of work:
 - 4.6.1 Scope and intent.
 - 4.6.2 Definitions and applicable documents.
 - 4.6.3 Requirements.
 - 4.6.4 Quality assurance.
 - 4.7 Acknowledgement form/response sheet.

Competitive Bidding

This procedure defines the process for obtaining competitive bids to stimulate competition and obtain the lowest practical price for the work, service and/or items(s) needed. (CFR 200.320, FASRG Module 5, Texas Government Code 2155.062(a) (3 and 2156.061)

- 1.0 The competitive bidding process requires that bids be evaluated and awards made based solely upon bid specifications, terms, and conditions contained in the request for bids document, and according to the bid prices offered by vendors and pertinent factors that may affect contract performance.
- 2.0 A request for bids must contain the following elements:
 - 2.1 Purchase description or specifications covering the item(s) to be obtained.
 - 2.2 Work and/or services needed.
 - 2.3 Terms and conditions for the proposed bid contract.
 - 2.4 Time and place for opening bids and other provisions.
- 3.0 The bid process involves:
 - 3.1 Development of clear specifications.

- 3.2 Advertising for competitive bids.
- 3.3 Responding to vendor questions.
- 3.4 Procedures for opening and tabulating the bids.
- 3.5 Analysis of the bids to ensure compliance with requirements.
- 3.6 Recommending the vendor(s) for bid award.
- 3.7 Award of the bid by the board.

Noncompetitive Procurement

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used when using federal funds only when one or more of the following circumstances apply:

- The item is available only from a single source and an equivalent cannot be substituted. This must be documented.
- The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation.
- TEA (or other federal awarding agency) expressly authorizes noncompetitive proposals in response to a written request from the District.
- After solicitation of a number of sources, competition is determined inadequate.

Additionally, *state* requirements related to sole source purchasing are, in some ways, more restrictive. In addition to the federal requirements above, sole source purchases must meet established criteria:

- Identification and confirmation that competition in providing the item or product to be purchased is precluded by the existence of a patent, copyright, secret process or monopoly;
- A film, manuscript, or book;
- A utility service, including electricity, gas, or water; and
- A captive replacement part or component for equipment.

According to state requirements, sole source does not apply to mainframe data-processing equipment and peripheral attachments with a single item purchase price in excess of \$15,000.

In all cases, the District will obtain and retain documentation from the vendor which clearly delineates the reasons which qualify the purchase to be made on a sole source basis.

Proprietary Purchases

The procedure applies to the process of purchases when there is a unique feature that is not shared by others. (Texas Government Code 2155.067)

- 1.0 Proprietary purchases are when items or services have a unique feature that is not shared by others or provides a compelling distinction which sets one vendor apart from others in the marketplace.
- 2.0 When items and/or services are needed from a proprietary, they must complete the Proprietary Purchase Justification Form.
 - 2.1 Signed by their Principal.
- 3.0 Complete the Pre-Acquisition form.
 - 3.1 Attach the Proprietary Purchase Justification to the Pre-Acquisition form.
- 4.0 Purchasing Agent in the Business office completes the purchase process.

Sole Source Purchases

This procedure defines how a sole source vendor must be validated prior to the purchase procedure taking place. (2 CFR 200.320(f), FASRG Module 5).

- 1.0 A firm price quotation from sole source.
 - 1.1 Quoted prices must be good for 30 days.
 - 1.2 Quoted prices must be inclusive of all cost including freight.
 - 1.3 Quoted prices must be on Vendor letterhead.
- 2.0 The Confirmation of Sole Source Compliance by Vendor form must be completed by the vendor.
 - 2.1 Forward form to business office to attach to the purchase order.

Emergency Purchases

The procedure applies to the process of purchases when an emergency occurs. (2 CFR 200.320(f), Texas Government Code 2155.137 & 34, Texas Administrative Code 20.32 & 20.41, FASRG Module 5).

- 1.0 An emergency purchase is a situation requiring the District to make the procurement more quickly to prevent a hazard to life, health, safety, welfare, or property or to avoid undue additional cost.
 - 1.1 Frequently occurs as the result of an unforeseen circumstance and may require an immediate response to avert future loss or financial damage to the District.
- 2.0 Solicitation for an emergency purchase must comply with state law.
- 3.0 Solicitation method used depends on the dollar amount of the damage and then would follow the purchasing procedures.

Contracting with Small and Minority Businesses

The District takes all necessary affirmative steps to assure that historically underutilized businesses (HUBs), including minority businesses and women's business enterprises, and labor surplus area firms are used when possible. 2 CFR § 200.321.

Domestic Preferences for Procurements

The District takes all necessary steps to ensure that preference for the purchase, acquisition, or use of goods, products, or materials are produced in the United States. 2 CFR § 200.322

Procurement of Recovered Materials

The District 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. Certifications are provided by vendors that they are in compliance.

Price and or Cost Analysis

A price analysis is an evaluation of a proposed price, without regard to the contractor's separate cost elements and proposed profit, to determine the price is reasonable. Although the UGG does not require price analyses for contracts less than the simplified acquisition threshold, a price analyses may be useful in documenting the reasonableness of contract costs.

Cost Estimate – An independent cost estimate for the supplies, equipment, or service. This estimate may be based on such things as experience with similar purchases, a review of catalog or off-the-shelf prices available on the internet, prices or costs for similar services, or other relevant information. If detailed plans and specifications for a fixed price contract are developed for bidders, the person or firm developing those plans should develop a detailed independent price estimate.

Comparison of Prices – Compare prices obtained from catalogues, suppliers, or bidders to independent estimate.

Price Reasonableness –

- If the offeror or bidder's price appears reasonable based on independent estimate, and other appropriate information, purchase the supply, equipment, or service.
- If the offeror or bidder's price is significantly higher than independent estimate, review requirements to determine whether unnecessary, overly restrictive, or complex requirements caused the higher than expected price. (Even if the price is significantly lower than expected, you should review the stated requirement or plans and specifications to ensure they are complete and will result in the supply, equipment, or service you need.) It may help, in making your determination, to talk to those providing quotes or bids.

- If, after this evaluation, you determine the price is reasonable, considering the circumstances, purchase the supply, equipment, or service.
- If you determine inappropriate requirements for the supply, equipment, or service resulted in an unreasonable price or the price is unreasonable, make adjustments and obtain new offers or bids.
- You should ensure that the contractor is charging you the same prices as other similarly situated customers particularly in sole -source situations.

Cost or Price Analysis

This procedure outlines the process of performing a cost or price analysis when a good and/or service are expected to exceed \$50,000. 2 CFR § 200.324.

- 1.0 When an employee of the District is needing goods or services purchased that they expect will exceed the small purchase threshold of \$50,000 a cost/price analysis form must be completed.
- 2.0 Supporting documentation along with the completed form is submitted to the CFO to verify and determine the proper purchase process.

Bonding Requirements

For construction or facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold, 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 decided that the Federal interest is adequately protected. If such a determination has not been made, the minimum requirements must be as follows:

- (a) 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.
- (b) 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.
- (c) A payment bond on the part of the contractor for 100 percent of the contract 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.

Professional and Consulting Services

Several exceptions to following one of these competitive procurement methods are identified in TEC § 44.031. This section does not apply to a contract for *professional services* rendered, including services of an architect, attorney, certified public accountant, or engineer (which must be selected in accordance with [Chapter 2254 of the](#)

[Government Code](#).) A school district may, at its option, contract for professional services rendered by a *financial consultant* or a *technology consultant* in the manner provided by Section 2254.003, Government Code, in lieu of the methods provided by this section.

The federal cost principles (specifically in 2 CFR § 200.459) broadly define *professional and consultant services* as those services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the District.

Professional services are further defined in the *Handbook on Purchasing* as “infrequent, technical, and/or unique functions performed by independent contractors whose occupation is the rendering of such services.” Finally, professional services as described in [Attorney General Opinion DM-418](#), referenced in the *Handbook*, includes not only the services of lawyers, physicians, or theologians, “but also those members of disciplines requiring special knowledge or attainment and a high order of learning, skill, and intelligence including guest speakers, consultants, writers, and artists.” A professional is only one who “is a member of [a] discipline with widely accepted standards of required study or specified attainments in special knowledge as distinguished from mere skill.” Id. (quoting Wooddell, 230 S.E.2d at 470).

Certain *professional services*, specifically those covered under Chapter 2254, Subchapter A of the Texas Government Code, (i.e., architects, CPAs, registered engineers, optometrists, physicians, surgeons, land surveyors, landscape architects, registered nurses and state certified or state licensed real estate appraisers) are not selected based on competitive bidding. Rather, they must be selected based on demonstrated competence and qualifications obtained through a *Request for Qualifications* or similar document. After the District makes its selection based on demonstrated competence and qualifications, a fair and reasonable price for the services is then negotiated and agreed upon.

Consulting services: According to FAR (Module 5 of TEA’s [FASRG](#)), consulting services

“refer to the practice of helping districts to improve performance through analysis of existing problems and development of future plans. Consulting may involve the identification and cross-fertilization of best practices, analytical techniques, change management and coaching skills, technology implementations, strategy development, or operational improvement. Consultants often rely on their outsider’s perspective to provide unbiased recommendations. They generally bring formal frameworks or methodologies to identify problems or suggest more effective or efficient ways of performing tasks. Consulting services cover all functional areas such as instruction, curriculum, and administration.

Consulting does not include a routine service/activity that is necessary to the functioning of a school district’s programs, such as hiring additional people on contract to supplement present staff. It also does *not* apply to services provided to conduct organized activities (such as training or other similar educational activities.)”

The District shall use a consultant only if the services of the consultant are necessary to accomplish the objectives of the particular program/project, the fees are reasonable in cost, and the District cannot meet the needs by using an employee. 34 CFR 75.515. For example, an employee may have the knowledge, skills, and capability to provide the consulting services, but the employee may not have the time in an already-busy schedule to provide the consulting services in the time required.

Under IRS rules, a person cannot work part of the time as an employee, and part of the time as a contractor/consultant. If an employee provides additional services above and beyond his or regular contracted hours and regular job responsibilities, the employee is paid *extra-duty pay* in accordance with the District’s employee compensation policy, and not a fee based on a contract.

Professional Services

The procedure applies to the process of contracting for professional services. 2 CFR 200.320 Texas Government Code Chapter 2254).

- 1.0 Professional services are defined as those services provided by a person who is licensed or registered as a(n):
 - 1.1 Certified public accountant.
 - 1.2 Architect.
 - 1.3 Landscape Architect.
 - 1.4 Land Surveyor.
 - 1.5 Physician, including a surgeon.
 - 1.6 Optometrist.
 - 1.7 Professional Engineer.
 - 1.8 Real Estate Appraiser.
 - 1.9 Registered nurse.
- 2.0 Providers of professional services may not be selected on the basis of competitive bids, but must be selected on the basis of demonstrated competence and qualifications to perform services for a fair and reasonable price.
 - 2.1 Request for qualifications is required.
- 3.0 Professional fees under the contract must be consistent with and not higher than the recommended practices and fees published by the applicable professional associations, and may not exceed any maximum provided by law.
- 4.0 Employees will submit a pre-acquisition form.
 - 4.1 Request for qualifications is attached to the pre-acquisition form unless there is a copy on file.
- 5.0 Business office will complete the contract and purchase order in Ascender.
- 6.0 Once services are rendered and complete and an invoice is received payment is issued.

Outside Consultant Contracts

The procedure applies to the process of contracting with outside consultants to provide services to the District. (Texas Government Code 2254).

- 1.0 The District will contract with private consultants only if:
 - 1.1 There is a substantial need for the service.
 - 1.2 The District cannot adequately perform the service with its own personnel or through another agency.
- 2.0 Employees will complete the Pre-Acquisition form for Outside Consultant services and submit for approval.
 - 2.1 Approved requests are submitted to the Business office for processing.
- 3.0 Business office will verify if the Outside Consultant is already set up as a vendor in Ascender Finance System.
 - 3.1 If a new vendor, Outside Consultant must complete and submit required documentation to the Business office.
- 4.0 The Business office will then establish if the Outside Consultant is a contractor or pro-tem employee.
 - 4.1 Business office verifies compliance with IRS definition of Independent Contractor by reviewing company website, their physical office structure, client list etc.
 - 4.1.1 If contractor meets IRS criteria, then they are established as a vendor.
 - 4.1.1.1 The Business Manager then completes the contract and purchase order in the Ascender Purchasing Module.
 - 4.1.2 If contractor does not meet the IRS criteria, then they are identified as a pro-tem employee.
 - 4.1.2.1 The Payroll Manager then proceeds with the New Employee Process.
- 5.0 Once the contract has been approved the District will email the contract to the Outside Consultant for signature.
 - 5.1 This will also include the Anti-Virus Agreement form.
- 6.0 When the signed contract is returned to the Business office then it is filed until completion of the contract.
 - 6.1 The Anti-Virus Agreement form will be sent to the Technology Department.
- 7.0 Upon completion of the contract the Outside Consultant will be paid through accounts payable (as a vendor) or through payroll (as a pro-tem employee).

Purchasing System

Pre-Acquisition Approval

This procedure applies to how prior approval is received for purchases of goods and/or services (2 CFR 200.318, FASRG Module 5).

- 1.0 Employees access Pre-Acquisition Approval form on the District's website for goods and/or services.
- 2.0 Upon completion, the Pre-Acquisition Approval form is then electronically submitted to their supervisor for approval. Upon approval:
 - 2.1 Pre-Acquisition form is routed electronically to the Business office.
 - 2.2 The Approver determines the method of purchase based on the purchasing guidelines and then proceeds with the purchasing method and completes a purchase order.
 - 2.2.1 Purchase order is sent manually to the Business office.

Ascender Purchase Process

This outlines the process to follow when receiving purchase orders for goods and/or services.

- 1.0 Issued purchase orders are received by the Business office.
- 2.0 The Business Manager enters the purchase order into Ascender.
- 3.0 When goods are received packaging slips are forwarded to the Business Manager.
 - 3.1 Packing slips are attached to the purchase order.
 - 3.2 If no packing slip is included with the shipment a manual note is made documenting items, quantity, date, etc. which is sent to the Business Manager.
- 4.0 Upon receipt of the invoice, the Business Manager:
 - 4.1 Matches the invoice to the purchase order.
 - 4.2 Enters the invoice into Ascender for payment.
 - 4.3 An accounts payable check is printed and issued to the vendor.
- 5.0 For invoices involving services, the Business Manager verifies the service has been received.
 - 5.1 The invoice is matched to the purchase order.
 - 5.2 The invoice is entered into Ascender for payment.
 - 5.3 An accounts payable check is printed and issued to the vendor.

Performance and Financial Monitoring and Reporting

§ 200.328 Financial reporting

The District is required to provide financial reports to State and Federal agencies as requested.

§ 200.329 Monitoring and reporting program performance.

The District is responsible for oversight of the operations of federal and state supported activities. The District Center will monitor its activities under federal and state awards to assure compliance with applicable requirements and performance expectations are being achieved. The District will monitor each program, function or activity. See also § 200.332.

The District will relate financial data and accomplishments to performance goals and objectives of federal and state awards. Cost information will demonstrate cost effective practices (*e.g.*, through unit cost data). In some instances, (*e.g.*, discretionary research awards), this will be limited to the requirement to submit technical performance reports (to be evaluated in accordance with policy).

The District will provide non-construction performance reports required by federal and state awarding agencies.

The District will submit performance reports at the interval required by the federal and state agencies to best inform improvements in program outcomes and productivity. Performance reports may contain the following requirements:

- A comparison of actual accomplishments to the objectives of the award established for the period.
- The reasons why established goals were not met, if appropriate.
- Additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.
- Construction performance reports
- Significant developments
- Real property in which the Federal Government retains an interest (§ 200.330)

Sub-Recipient Monitoring and Management

In the event that the District awards sub-grants to other entities, it is responsible for monitoring those grant sub-recipients to ensure compliance with federal, state, and local laws. Monitoring is the regular and systematic examination of all aspects associated with the administration and implementation of a program. Each program office that awards a sub-grant must have its own monitoring policy. This policy must ensure that any monitoring findings are corrected. CRF § 200.331. The District does not award sub-grants to other entities. However, the District receives sub-grant funds from Region 14 ESC, TEA and other federal agencies.

Expenditure Reporting to ESC

This is the process for the District to receive reimbursements for their expenditures from Region 14 ESC.

- 1.0 Periodically, usually quarterly, the District is required to submit to the ESC Business Consultant &/or Accountant their expenditure report for the applicable program.
 - 1.1 Expenditure reports are located on the Region XIV website under Business Services.
- 2.0 A detailed general ledger of the expenditures must also be submitted and tie into the reimbursement spreadsheet in order for the reimbursement to occur.
- 3.0 If required, In-kind is also reported.
- 4.0 Payment is received via direct deposit into the District's bank account.
 - 3.1 Payment is verified for accuracy.
 - 3.2 Payment is coded using Ascender to the appropriate fund as a cash receipt.

Expenditure Reporting to TEA

This is the process for the District uses to receive reimbursements for their expenditures from TEA.

- 1.0 Periodically, usually monthly, the District submits a request for payment to TEA.
 - 1.1 The District prints a board report to verify monthly expenditures.
 - 1.2 The District prints a detailed general ledger.
 - 1.3 Each expenditure is double checked to verify the expenditure belongs to the fund.
 - 1.4 Cash balances, which are negative due to the District using the reimbursement method and not cash advances, are compared to total expenditure amount.
 - 1.4.1 Cash balance should match the amount being requested.
- 2.0 Reimbursements are entered into the TEAL Expenditure Reporting system.
 - 2.1 All documentation is filed in the appropriate grant folder.
- 3.0 Payment is received via direct deposit into the District's bank account.
 - 3.1 Payment is verified for accuracy.
 - 3.2 Payment is coded using Ascender to the appropriate fund as a cash receipt.

Expenditure Reporting to Federal Agencies

The process for the District uses to receive reimbursement from Federal agencies is the same as to receive reimbursement from TEA. The requests for reimbursement are not, however, entered into the TEAL Expenditure Reporting system. The appropriate system as dictated by the federal agency is used. All other procedures are the same.

Monitoring Procedures

The District does not participate in sub-granting to other entities. Therefore, no monitoring procedures are in place. If in the future District does sub-grant to other entities, then a procedure will be put into place.

Cost Principles

Grantees are required to have written procedures for determining the *allowability* of costs charged to federal grants. 2 CFR § 200.302(b)(7). All costs must be allowable under the federal cost principles in 2 CFR Part 200, Subpart E, and under the terms and conditions of the specific federal award.

Expenditures must be aligned with budgeted items in the approved grant application. Certain changes or variations from the approved budget and grant application need prior approval from TEA or other awarding agency. Refer to TEA's guidelines on [When to Submit an Amendment](#) (under *Amendment Submission Guidance*) to determine when an amendment to the budget is required for TEA grants.

When determining how the District will spend grant funds, Principals, Superintendent or Business Manager will review the proposed cost to determine whether it is an allowable use of grant funds *before* obligating and spending those funds on the proposed goods or services. All expenditures made with federal education funds must meet the standards outlined in 2 CFR 200.403, All staff must consider the following factors when making an allowability determination.

Allowability of Costs

This procedure defines the process for identifying allowability of costs to the District's local, state, and federal funds. (2 CFR 200.403).

- 1.0 For costs to be allowable they must meet the following factors:
 - 1.1 Costs must be necessary and reasonable for proper and efficient performance and administration.
 - 1.1.1 Costs associated with State and Federal Grants are identified in the grant application and approved.
 - 1.1.2 Local budgets are approved by the District Board for allowable costs.
 - 1.2 Be authorized or not prohibited under Federal, State or local laws or regulations.
 - 1.3 Is consistent with policies, regulations, and procedures that apply uniformly to awards and other activities of the District.
 - 1.4 Cost cannot be charged as both direct and indirect.

- 1.5 The cost must also be allowable according to the generally accepted accounting principles.
- 1.6 The cost must not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award.
- 1.7 Cost must be incurred during the approved budget period.

Necessity of Costs

This procedure defines the process for the District to identify necessary costs to local, state, and federal programs. (2 CFR 200.403 2 CFR 200.404).

- 1.0 A cost is necessary for proper and efficient performance of state/federal grants and local programs.
- 2.0 Federal and State grants require specific objectives to accomplish the intent of federal and/or state dollars.
 - 2.1 The District identifies tasks to accomplish objectives within the grant applications.
 - 2.2 Necessary costs are identified in the grants to implement activities to accomplish the objectives.
- 3.0 Local programs are identified based on the needs of The District's customers.
- 4.0 The District identifies all programs in their Comprehensive action plan.
- 5.0 Employees identify the tasks associated with the program on the pre-acquisition form requesting approval for necessary costs.

Reasonableness of Costs

This procedure defines the process for the District to identify reasonableness of costs to local, state, and federal programs. (2 CFR 200.404).

- 1.0 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.
- 2.0 Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the governmental unit.
 - 2.1.1 Costs associated with State and Federal Grants are identified in the grant application and approved.
 - 2.1.2 Local budgets are approved by the District Board for allowable costs.
- 3.0 The restraints or requirements imposed by such factors as: sound business practices; arm's length bargaining; Federal, State and other laws and regulations; and, terms and conditions.

- 4.0 Market prices for comparable goods or services.
 - 4.1 The District's purchasing procedures adhere to Texas Government Code and Texas Education Agency's Financial Accountability Reporting Standard Guide resulting in all purchases being made at the best value.
- 5.0 District employees, board members, and vendors are required to complete and sign a Conflict of Interest Form.
 - 5.1 Significant deviations from the established practices of the District may unjustifiably increase cost.

Allocability of Costs

This procedure defines the process for identifying allocability of the Districts costs to local, state, and federal dollars. (2 CFR 200.405).

- 1.0 A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.
 - 1.1 Costs are allocated on the pre-acquisition form when items and/or services requested benefit more than one program based on the benefit to the program.
- 2.0 All activities which benefit from the District's indirect cost will receive an appropriate allocation of indirect costs.
- 3.0 Allocable costs will not be charged to any other Federal awards to overcome fund deficiencies, to avoid restriction imposed by law or terms of the Federal awards, or for other reasons.
 - 3.1 The District may shift costs that are allowable under two or more funding sources in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards.
- 4.0 If cost benefits two or more projects or activities in proportions that can be determined, the cost must be allocated to the projects based on the proportional benefit.
 - 4.1 If a cost benefits two or more projects or activities in proportions that cannot be determined, then costs may be allocated on any reasonable documented basis.
- 5.0 Purchases 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 when no longer needed for the purpose for which it was originally required.

Direct and Indirect Costs

Classification of costs

There is no universal rule for classifying certain costs as either direct or indirect (F&A) 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 (F&A) cost in order to avoid possible double-charging of Federal awards. Guidelines for determining direct and indirect (F&A) costs charged to Federal awards are provided in this subpart. 2 CFR § 200.412

Classification of costs 2 CFR § 200.413

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. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect (F&A) costs.

Identification with the Federal award rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect (F&A) 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.

The salaries of administrative and clerical staff should normally be treated as indirect (F&A) costs.

Direct charging of these costs may be appropriate only if all of the following conditions are met:

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

Any direct cost of minor amount may be treated as an indirect (F&A) cost for reasons of practicality where such accounting treatment for that item of cost is consistently applied to all Federal and non-Federal cost objectives.

The costs of certain activities are not allowable as charges to Federal awards. However, even though these costs are unallowable for purposes of computing charges to Federal awards, they nonetheless must be treated as direct costs for purposes of determining indirect (F&A) cost rates and be allocated their equitable share of the non-Federal entity's indirect costs if they represent activities which:

- (1) Include the salaries of personnel,
- (2) Occupy space, and
- (3) Benefit from the non-Federal entity's indirect (F&A) costs.

For nonprofit organizations, the costs of activities performed by the non-Federal entity primarily as a service to members, clients, or the general public when significant and necessary to the non-Federal entity's mission must be treated as direct costs whether or not allowable, and be allocated an equitable share of indirect (F&A) costs. Some examples of these types of activities include:

(1) Maintenance of membership rolls, subscriptions, publications, and related functions. See also § 200.454.

(2) Providing services and information to members, legislative or administrative bodies, or the public. See also §§ 200.454 and 200.450.

(3) Promotion, lobbying, and other forms of public relations. See also §§ 200.421 and 200.450.

(4) Conferences except those held to conduct the general administration of the non-Federal entity. See also § 200.432.

(5) Maintenance, protection, and investment of special funds not used in operation of the non-Federal entity. See also § 200.442.

(6) Administration of group benefits on behalf of members or clients, including life and hospital insurance, annuity or retirement plans, and financial aid. See also § 200.431.

Indirect (F&A) costs 2 CFR § 200.414

The negotiated rates must be accepted by all Federal awarding agencies. A Federal awarding agency may use a rate different from the negotiated rate for a class of Federal awards or a single Federal award only when required by Federal statute or regulation, or when approved by a Federal awarding agency head or delegate based on documented justification as described in paragraph (c)(3) of this section.

The Federal awarding agency head or delegate must notify OMB of any approved deviations.

The Federal awarding agency must implement, and make publicly available, the policies, procedures and general decision-making criteria that their programs will follow to seek and justify deviations from negotiated rates.

As required under § 200.204, the Federal awarding agency must include in the notice of funding opportunity the policies relating to indirect cost rate reimbursement, matching, or cost share as approved under paragraph (e)(1) of this section. As appropriate, the Federal agency should incorporate discussion of these policies into Federal awarding agency outreach activities with non-Federal entities prior to the posting of a notice of funding opportunity. Pass-through entities are subject to the requirements in 2 CFR § 200.332(a)(4).

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

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

TEA issues two indirect cost rates to local educational agencies (LEAs), a restricted rate and an unrestricted rate.

Restricted Rate - The restricted indirect cost rate is used for grant programs where the supplement, not supplant requirement applies. The majority of the grants that TEA administers are subject to supplement, not supplant, and the restricted indirect cost rate is applied to them.

Unrestricted Rate - The unrestricted indirect cost rate is applied to grants not subject to the supplement, not supplant requirement.

TEA has developed a data collection methodology that populates PEIMS data into an ICRP. However, a small amount of the required ICRP data cannot be obtained through PEIMS. Therefore, districts are asked to provide a small amount of additional costs data to TEA through the submission of an ICRP ACW. Districts can easily obtain the additional costs data by running simple queries within their financial accounting systems. Districts will not be required to analyze or classify any costs in the ICRP ACW.

<https://tea.texas.gov/finance-and-grants/grants/federal-fiscal-compliance-and-reporting/indirect-cost-rates>

Special Considerations

§ 200.417 Interagency service.

The cost of services provided by one agency to another within the governmental unit may include allowable direct costs of the service plus a pro-rated share of indirect costs. A standard indirect cost allowance equal to ten percent of the direct salary and wage cost of providing the service (excluding overtime, shift premiums, and fringe benefits) may be used in lieu of determining the actual indirect costs of the service. These services do not include centralized services included in central service cost allocation plans as described in Appendix V to Part 200.

Monthly Payroll Allocations

This procedure defines the process that ensures that monthly payroll is allocated to state and federal grants according to employees' actual time and effort.

- 1.0 For employees whose daily schedule does not vary the Substitute System of Time and Effort is used.
 - 1.1 The Substitute System of Time and Effort is completed with the employee's schedule.
 - 1.1.1 The Substitute System of Time and Effort is completed for the fall semester and again for spring semester and signed for each semester.
 - 1.1.2 The Substitute System of Time and Effort is compared to payroll charges verifying time and expense are comparable.
 - 1.1.2.1 If expense does not match time adjustments are made to expense using the Special Adjustment feature in Ascender.
 - 1.2 For employees whose daily schedule varies monthly time sheets are collected with signature.
 - 1.2.1 Total monthly hourly time per grant is entered into an Excel spreadsheet.
 - 1.2.1.1 The first calculation converts hours into days.
 - 1.1.1.2 The second calculation multiplies days by the employee's daily rate.

- 1.1.1.3 The third calculation calculates the distribution amount needed to correctly charge the federal fund with the correct salary based on actual time worked.
- 1.1.1.4 The distribution is updated in Ascender.

Building Use Fee Allocation

The District does not allocate monthly building use fee to any state and federal grant funds. ESC Region 14, however, does allow reporting of building use cost as District In-kind for Head Start. The ESC Region 14 provides the dollar amount allowed through a rent study.

Monthly Network Access Fee Allocations

The District does not allocate monthly network access fee to any state and federal grant funds.

Monthly Postage Charges

The District does not allocate monthly postage charges to any state and federal grant funds.

Monthly Mileage Charges

This procedure defines the process that ensures monthly vehicle mileage charges are allocated within the General Operating budget according to group usage. For example, field trips, extracurricular, administration, etc. On occasion, vehicle mileage is also charged to the Head Start fund for field trips and employee staff development.

- 1.0 Employees request a vehicle by submitting a Transportation Request.
- 2.0 Request is approved and a vehicle is assigned.
- 3.0 A Transportation report is printed outlining dates, group name, event, person in charge, etc.
 - 3.1 The transportation originator completes the Transportation report by adding beginning and ending mileage before and after the trip.
 - 3.2 The Transportation report is forwarded to the Business office.
- 4.0 The Business Manager files the Transportation report by vehicle, group and date.
- 5.0 Periodically, the Business Manager:
 - 5.1 Tallies mileage for all the reports by vehicle and group.
 - 5.2 Enters the mileage into an Excel spreadsheet by vehicle and group.

- 5.3 Updated gas prices are entered into the Excel spreadsheet.
- 5.4 The first Excel formulas calculates total gallons of gas used by dividing miles per gallon into the total miles per vehicle and group. The second formula calculates the cost by multiplying the total gallons used by the price per gallon.
- 5.5 Cost is then entered into the General Fund through a general journal entry moving the original expense from Function 34 to the appropriate function for the group using the gas. For example, Function 11 for field trips, Function 36 for extracurricular, Function 23 for Principals, etc.
- 5.6 As needed, expenses are coded to the Head Start fund.

Monthly Media Charges

The District does not allocate monthly media charges to any state and federal grant funds.

Monthly Meeting Room Charges

The District does not allocate monthly meeting room charges to any state and federal grant funds.

Monthly Copier Usage Charges

The District does not allocate monthly copier and usage charges to state and federal grants. Copier and usage charges are recorded in the General Operating fund at the time invoices are paid based on location of installation of the copier. For example, Function 41 is charged the monthly and usage charges for the copier located in the Superintendent's office.

End of Month Process

In Ascender the End of Month Closing utility controls the processes that close the current accounting period and opens the next accounting period for accounting purposes. The controlled processes are as follows:

- Deferring unpaid checks.
- Closing the accounting period.
- Adding a process date to the current closing account period transaction.
- Updating balances in general ledger records.
- Resetting the current accounting period to the next accounting period in the fiscal year.

When the end-of-month closing is complete, the following occurs:

- The contra offset records are recreated.

- Transactions are updated with a processed date.
- Ending balances for the period are brought forward.
 - The current ending balance is moved to the current beginning balance.
 - The posting balance is moved to the current ending balance.
- The accounting period is incremented by one.

Monthly Interest Earnings

This procedure defines the process that ensures monthly interest is booked to local funds.

- 1.0 Monthly interest earned at local bank accounts are recorded to the appropriate Fund during the reconciliation of bank statements.
 - 1.1 The Business Manager enters the interest into the Ascender Finance System as a cash receipt.

Monthly Bank Reconciliation

This procedure defines the process that ensures monthly that the District agrees and is reconciled to the bank statement.

- 1.0 The Business Manager accesses the Depository Bank's website and downloads the monthly bank statements along with picking up from the bank hardcopies of the monthly bank statements.
- 2.0 Cash receipts, disbursements, general journal entries, etc. entered in the Ascender Finance System during the month are checked for accuracy.
- 3.0 Balances per the bank statement are entered onto the reconciliation form along with outstanding items.
- 4.0 Balances per Ascender are entered onto the reconciliation form along with any outstanding items.
- 5.0 Reconciled ending cash balances per District books and reconciled bank cash balances per bank statements should all match to be reconciled.
 - 5.1 Any differences between the two cash balances are reviewed for errors.
 - 5.2 Errors, keypunch entries, etc. are corrected.
 - 5.3 After errors are corrected cash balances from Ascender and the bank are rechecked to make sure they match.
 - 5.4 After both cash balances are reconciled for all accounts monthly reports are saved on the desktop for future use as needed.
- 6.0 The superintendent is given a Board report after the reconciliation process is complete.

Monthly Closeout

This procedure defines the process for closing out the month.

- 1.0 After all accounts are reconciled and reports saved, a backup is made.
- 2.0 The accounting period is closed in Ascender and the month is rolled forward to the next accounting period.
- 3.0 Interest earned is transferred by an internet bank transfer from Payroll clearing, Vendor clearing and the Interest & Sinking accounts to General Operating and entered into Ascender as a cash receipt.

Account Coding Change

This procedure defines the process to change previous coding to a different account code.

- 1.0 Any errors in coding are corrected as needed.
- 2.0 Finance errors in coding are fixed with a general journal entry. Payroll errors in coding are fixed by using the special adjustment feature in Ascender.
- 3.0 Documentation supporting the corrections are filed for future use/verification as needed.

Journal Entries

The procedure applies to performing journal entries used to reclassify expenditures and/or revenue due to coding errors.

The Business Manager will need to make journal entries when changes/corrections are needed.

- 1.0 General journal entries are made in Ascender.
- 2.0 Appropriate documentation is filed/maintained to support any general journal entries needed.

Accounts Payable

Payment Only After Services Are Performed

For both state and federally funded contracts, it is not permissible under Texas law to pay a contractor or consultant in *advance* of performing services. Advance payment to contractors is considered “lending credit” to the contractor and is prohibited under the *Texas Constitution*, Article 3, §§ 40 and 52. For ongoing services that occur monthly, payment can be made at the end of every month (based on a proper invoice submitted by the

contractor and verification of work performed) for services performed during the month, or some other similar arrangement.

Consultants and contractors will not be paid without having a properly signed and dated contract or other written agreement in place which clearly defines the scope of work to be performed, the beginning and ending dates of the contract, and the agreed-upon price. The contract should also include a description of the payment procedures.

Upon performance of services (monthly or upon completion of services), the contractor is required to submit an *invoice* to the District that contains at a minimum the following:

- a clear identification of the contractor/consultant, including name and mailing address.
- a corresponding contract (or written agreement) number, if applicable.
- the dates (beginning and ending date) during which the services were performed (i.e., billing period)

Verification of Receipt of Goods and Services Provided by Contractors

If the purpose of the contract or purchase order is to deliver goods, the Business Manager will verify that the quantity and quality of goods were received as specified in the contract/purchase order. The receiving procedures used in all other state/local purchases will be used for all federal purchases.

If the purpose of the contract is to purchase services, the appropriate person, such as the Superintendent, Maintenance Director, etc. will verify that the quality and scope of services were received as specified in the contract.

Prompt Payment to Vendors/Contractors

The District pays all vendors/contractors within 30 days of receipt of a proper invoice and the receipt of the goods or services in accordance with the [*Texas Prompt Payment Act*](#), *Government Code, Chapter 2251, Subchapter A*, for all contractors, and [*Property Code, Chapter 28 for Construction Contractors*](#).

Accounts Payable

This procedure applies to how accounts payable is processed.

- 1.0 When purchases are made whether through the pre-acquisition or travel process it is the responsibility of the originator to follow this procedure.
 - 1.0 All correct forms must be submitted properly filled out with attached documentation.
 - 1.1 Proper account codes by name (for instance Principal supplies, baseball supplies, etc.) must be on the appropriate form requesting payment with approval signature either original or electronically.

- 2.0 For all purchases that have a purchase order, the vendor/third party is required to submit the invoice to business office. In the event that an employee receives the invoice, they are required to forward the invoice to business office for processing.
- 3.0 When the receipt of the goods or services has been confirmed and the invoices describing services provided are received in business office (e.g., the quantities and descriptions of products purchased, or specific details of services purchased, such as service dates, total hours and number of students to whom the services were provided where applicable), payment is ready to be made. Confirmation occurs with the receipt of the packing slip.
- 4.0 The purchase order is retrieved and attached to the invoice and the packing slip.
- 5.0 In the event an invoice and packing slip are received that did not have a corresponding purchase order, a Payment Authorization form is completed or the invoice is stamped "approved by" and the purchaser or appropriate person signs the invoice giving approval for payment.
- 6.0 Daily invoices and all other payment authorizations are input into Ascender for check run to take place as needed.
- 7.0 Once all detail information has been received, the system will only process the payment request if there are sufficient funds. Once the system has determined that sufficient funds are available, the payment request is placed in queue for the next scheduled check run.
 - 7.1 If the system indicates a lack of sufficient funds, the Business Manager will either approve the expenditure or contact the originator. The Superintendent may also be contacted.
 - 7.2 If the lack of sufficient funds is at the function level, the Board of Trustees must approve a budget amendment.
- 8.0 The Business Manager will verify all entries into Ascender are accurate.
 - 8.1 A Check Payment list is printed.
 - 8.2 The Check Payment list is compared to the invoice for accuracy in the vendor name and dollar amount of the invoice.
 - 8.3 Errors for incorrect vendor and/or dollar amount are fixed as needed.
 - 8.4 A final Check Payment list is printed, approved and submitted to the Superintendent's secretary for inclusion the Board Packet at the next scheduled board meeting. A copy is also forwarded to the Superintendent.
- 9.0 Checks are generated in Ascender and posted to the finance system.
- 10.0 Checks are signed by either the Superintendent and the Business Manager or the Superintendent and a Board member, usually the Board president.
- 11.0 Remittance slips are placed with the check and mailed. Checks without remittance slips are also mailed. When possible checks are hand delivered to save postage fees.

- 12.0 The file copy of the check is attached to the invoice and all other documentation and filed by check run date and in alphabetical order by vendor name.

Cancellation of Purchase Orders

This procedure applies to any purchase order issued by the District that must be cancelled.

- 1.0 When goods and/or services need to be cancelled the employee who requested the item will call the Business Manager to notify of the cancellation.
- 2.0 If the order has been placed the originator of the purchase must contact the vendor to cancel the goods/services.
- 3.0 The Business Manager will void the purchase order.
 - 3.1 If coded in Ascender the purchase order will be reversed electronically.
 - 3.2 If not coded in Ascender the purchase order will be voided manually.

Payment Authorization

This procedure describes the process the business office uses for making payment for expenditures that did not have a purchase order or not paid for with a credit card.

- 1.0 When the District receives a bill that needs to be paid, without a purchase order, the Business Manager will receive approval from the originator of the invoice for receipt of goods/services.
 - 1.1 A Payment Authorization form is completed and signed or the invoice is stamped with the “approved by” stamp and signed by the originator of the invoice.
 - 1.2 All documentation is attached to the invoice.
- 2.0 Business office enters the Payment Authorization information into Ascender for payment.
- 3.0 The procedure continues with the steps outlined in the accounts payable section.

Purchase Cards (District-Issued Credit Cards/Pro Cards)

The use of district-issued credit cards or procurement cards is carefully controlled and monitored to prevent fraud, waste, and abuse. Section 3.5 in Module 5 of the [FASRG](#) addresses the use of credit/pro cards. The District superintendent, business manager, human resources director, and procurement director work together to set and enforce policies and procedures. Misuse and abuse will not be tolerated.

In accordance with suggested procedures in *Module 5* of [FASRG](#), the District:

- Holds reviewers of credit card purchases to the same standards as cardholders.

- Applies the same set of rules to all card users, although spending limits may vary.
- Restricts card usage by spending limits, unauthorized merchant category codes, and time of use to business hours.
- Issues cards to employees only after they have completed training on the purchasing card program.

Segregation of Duties

- Identifies certain employees to be cardholders and others within the same department to be reviewers of the cardholders' purchases.
- Does not allow the same employee to buy, receive, approve, and reconcile card purchases.
- Has different employees set up cardholders and reviewers in the P-card system and the banking system.

Cardholders

- Requires cardholders to turn in detailed receipts in accordance with policies and documenting the business reason. Restaurant receipts must include line-by-line detail of the order.
- Requires cardholders to complete training prior to receiving a card and acknowledge in writing receipt of the policy and procedure manual.

Reviewers

- Revokes a department's card privileges if a departmental reviewer does not review and approve transactions according to policy.
- Requires the reviewers to call the employee immediately upon noticing a questionable transaction rather than waiting for the due date of receipts.
- Requires the reviewers to complete training prior to reviewing transactions and acknowledging in writing receipt of the policy and procedure manual.
- Reviewers are responsible for 4 to 10 cardholders at most in order to be effective.

Monitoring and Oversight

- Is selective when issuing cards--focus on repetitive, small-dollar purchases.
- Keeps limits as low as possible to accommodate normal business needs. If there is a need to allow for emergency purchases, certain employees can have a higher limit.
- Card reviewers must follow the same high standards applied to cardholders.
- The business office staff reviews the work of the card reviewers, and the list of P-card users is reviewed annually.
- Uses the software to review the average spent by cardholder, purchases from unauthorized suppliers, purchases shipped to the cardholder's home, and purchase amounts slightly below purchase limits.

- Reviews reports provided by the p-card programs such as declined authorizations report, disputes report, and lost/stolen card report which can reveal employees in need of additional training or attempting to misuse the card.
- Reviews district-wide activity periodically to identify frequently used vendors or products to consider negotiating volume discounts in order to obtain best prices for the district.
- Encourages staff to contact the hotline used to report any fraud.

Each credit card transaction must be properly accounted for. Refer to *II. Financial Management System, E. Accounting Records, Documentation Associated with Using District Credit/Pro Cards*, for specific information related to the proper accounting of credit card purchases.

Credit Card Management

This procedure describes the process of managing credit cards issued to employees.

- 1.0 Business office staff will monitor employee credit card limits and usage.
- 2.0 If limit will be exceeded the card holder will inform the Business Manager to increase the card limit.
- 3.0 Credit limits will be reduced once the purchase needing the increase has cleared the credit card company.
- 4.0 All documentation for credit card purchases will be submitted to the Business Manager electronically or in person with original documentation.

Credit Card Purchases

This procedure describes the process for paying the credit card statement.

- 1.0 Credit cards may be used for valid business expenses only.
- 2.0 These include expense associated with travel, conference registrations, supplies and materials from vendors that require pre-payment.
 - 2.1 Expenses that should not be charged on the card include, but are not limited to, fuel in personal vehicle, personal purchase and any prohibited program expense.
- 3.0 Credit Card payments are issued by pre-acquisition approval.
- 4.0 If a purchase order was issued the employee is responsible for attaching the credit card receipt to the purchase order.
 - 4.1 Documentation is submitted to the Business Manager to reconcile with the statement.
- 5.0 Periodically during the month, the Business Manager checks the credit card account online to verify charges.

- 5.1 Suspicious charges are investigated.
- 5.2 Suspicious charges not verified as belonging to the District will be reported to the credit card company.
- 6.0 The Business Manager gathers all receipts, etc. needed to reconcile to the statement.
- 7.0 When statements are reconciled per receipts, the Business Manager enters the payment into the Ascender for payment. The process continues with the procedures as outlined in the Accounts Payable process.

Vendors

Prequalified Lists

The District ensures 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. 2 CFR § 200.319(d). The District accomplishes this by conducting internet searches, including using [vendor searches available through the Texas Comptroller of Public Accounts](#), and by using other less technologically-advanced tools to locate and identify potential contractors. Also, the District will not preclude potential bidders from qualifying during the solicitation period.

Approved Vendors

This procedure defines the process for maintaining an approved vendors list. (2 CFR 200.318(b), FASRG Module 5: 3.2 and 3.6)

- 1.0 All purchases must be made from an approved vendor.
 - 1.1 Vendors include any individual or company in which the District receives goods or services from.
 - 1.1.1 This excludes stipends and mileage reimbursement.
- 2.0 Texas Education Code 44.031 states that in determining contract awards to vendors, the district shall consider:
 - 2.1 The purchase price.
 - 2.2 The reputation of the vendor and of the vendor's goods or services.
 - 2.3 The quality of the vendor's goods or services.
 - 2.3.1 The extent to which the goods or services meet the district's needs.
 - 2.4 The impact on the ability of the district to comply with laws and rules relating to historically underutilized businesses.
 - 2.5 The total long-term cost to the district to acquire the vendor's goods or services.

- 2.6 Any other relevant factor specifically listed in the request for bids or proposals, which could include:
 - 2.6.1 Vendor response time.
 - 2.6.2 Compatibility of goods/products purchased with those already in use in the district.
- 3.0 A vendor is approved upon completion of the New Vendor Packet.
- 4.0 New Vendor Packet is submitted to the Business office which includes the following:
 - 4.1 W9
 - 4.2 Conflict of Interest
 - 4.3 EDGAR Certifications
- 5.0 When the packet is received in the Business office the vendor is verified through the System of Award Management Debarred Vendor's list and the State Comptrollers Debarred Vendor's list to ensure the vendor has not been debarred.
 - 5.1 If debarred the vendor is notified and business will not continue.
 - 5.2 If not debarred the vendor is added to the Ascender Vendor list.
- 6.0 Every two years the vendor list is reviewed.
 - 6.1 If the vendor has had no activity they will be removed from the approved vendor list.
 - 6.2 All other vendors will be required to submit a New Vendor Packet.

Vendor Quality And Performance

This procedure defines the process for maintaining quality vendors for purchases. (2 CFR 200.318(b), FASRG Module 5: 3.2 and 3.6).

- 1.0 When nonconforming products/services are received by an approved vendor the Vendor Performance Report must be completed.
 - 1.1 Upon completion by the requestor the Vendor Performant Report is submitted to the Business office for the official complaint to be recorded on the Vendor Performance List.
 - 1.2 After the vendor has received three incidents of nonconforming products/services recorded on a Vendor Performance Report the vendor is removed from the approved vendor list in Ascender.

- 1.3 In extenuating circumstances, the Superintendent/Director/Principal has the administrative discretion to immediately discontinue use of a vendor due to vendor performance or product quality.

2.0 Every two years vendors that have not had any activity will be removed from the approved vendor list.

Travel

Travel costs are the expenses for transportation, lodging, subsistence (i.e., meals), and related items incurred by employees who are in travel status on official business of the District. TEA's policy for reimbursing travel is more restrictive than the federal cost principles allow. In an effort to keep travel costs reasonable, TEA restricts reimbursement for travel paid from federal and state grants to rates that are specified in the State of Texas *General Appropriations Bill, Article IX, General Provisions, Travel Regulations*, in effect for the particular grant period. TEA regularly publishes information and guidance about allowable travel costs and rates on the [Administering a Grant](#) page (scroll down under *Handbooks and Other Guidance*).

The federal cost principles allow for reimbursement for meals on a *per diem* basis, whether or not the employee actually spends the entire per diem. TEA, however, in following the travel restrictions specified in the Appropriations Bill for state employees, allows for reimbursement of meals at *actual costs*, not to exceed the federal rate for the locale, or local policy, *whichever is less*. Travel *allowances* (where the employee is reimbursed the per diem rather than actual costs whether or not the employee actually spends all of the maximum allowable per diem) are not allowable charges to state and federal grants in Texas. The State of Texas defines reimbursement of the difference between the maximum per diem and the actual amount spent on meals as a "gift of public funds", which is unallowable per the Texas Constitution. Therefore, the District ensures that its travel policy and reimbursement practices reflect this requirement.

Additionally, if local District policy provides for reimbursement for travel expenses at an amount that exceeds the rates allowed by TEA, the District pays the difference from state or local funds. District policy does not provide for reimbursement of travel expenses at a higher rate as specified in the District's written travel policies.

In general, reimbursement from state or federal grants for employees on travel is limited to the following:

- the *actual* cost of meals incurred by the employee per day, not to exceed the maximum allowable federal per diem rate
- the *actual* cost of lodging, not to exceed the current federal rate in the locale to which the employee is traveling
- the actual cost of coach airfare
- actual mileage in a personal vehicle
- the cost of a rental car and gasoline

Applying Meal Funds to Lodging Reimbursement: Per [guidance from TEA related to travel](#), for both in-state and out-of-state travel, the traveler may apply funds available for meal reimbursement (i.e., up to the rate specified in the Federal Rate Schedule) toward lodging. For example, if the traveler chooses to stay in a hotel that costs \$10

more per night than the allowable maximum for lodging, the traveler may apply \$10 of the maximum available for meal reimbursement per day toward the lodging rate. If the traveler chooses to apply meal reimbursement to lodging, the maximum meal reimbursement rate per day is reduced by the same amount (applying \$10 of the meal reimbursement to lodging would reduce the meal reimbursement by \$10 per day). Note: All lodging costs must still be *reasonable* and *necessary*.

NOTE: The opposite case does not apply; that is, a traveler may *not* reduce the amount spent on lodging and increase the amount spent on meals. Under no circumstances may a traveler be reimbursed from grant funds for meals at a rate that exceeds the rate given on the Federal Rate Schedule.

Temporary Dependent Care Costs: Pursuant to the provisions in 2 CFR § 200.474, the District may reimburse an employee on travel status for temporary dependent care costs *above and beyond regular dependent care* that directly results from travel to conferences. Such travel is allowable provided that *all* of the following conditions are met:

1. The costs are a direct result of the individual's travel for the federal grant.
2. The costs are consistent with the District's documented travel policy for all District travel regardless of funding source of the employee or of the travel.
3. The dependent care costs are only temporary during the travel period.

Travel costs for dependents are unallowable.

The District does not reimburse employees for temporary dependent care costs.

Pre-determined Conference Hotel Lodging Rates:

The primary goal is to demonstrate that the employee is staying in the most cost-effective (while still being safe) hotel lodging. If the hotel *conference* rate *exceeds* the federal rate for the locale, check the rate of hotels in close proximity and **print or record the rates in writing**. If the hotel is within walking distance and is within the federal rate for the locale, it may be difficult to justify staying at the conference hotel at the higher rate.

But if the hotel with a lower rate is *not* within walking distance and **would require the traveler to travel by bus, taxi, or even rental car to get to the hotel conference facilities each day**, it may be justifiable to stay at the conference hotel with the higher rate if the traveler can document that it would cost more to stay at another hotel and pay for the bus or taxi at least twice per day, or even pay for a rental car and gas and parking for the rental car (whichever is the most economical) than to stay at the conference hotel.

Complete and accurate documentation must be maintained in order for this scenario to be considered acceptable by an auditor or monitor. The traveler must receive written approval to exceed hotel lodging rates prior to travel and approval is given by the Principal/Superintendent.

Non-Employee Travel Advances/Reimbursement

This procedure defines the process for reimbursement of District related travel expenses for non-employees. Travel advances and reimbursement are only allowed using local funds. Travel reimbursement is used with State and Federal grant funds.

- 1.0 Non-employees receiving an advance/reimbursed from the District for travel must complete the Travel Request Form.
 - 1.1 If mileage is being claimed, then actual mileage must be used submitted by providing odometer readings to and from the site. If personal travel is included while on the trip, then a Map Quest printout must be submitted so that only school related mileage is paid.
 - 1.2 If meals and hotel expense are claimed the maximum reimbursed is the allowed amount per the [GSA](#).
 - 1.2.1 [GSA](#) must be turned in verifying the amount claimed.
 - 1.3 For reimbursement of expenses the Travel Reimbursement Request should be turned into the Business office with supporting documentation for payment within 5 days of trip completion.
 - 1.3.1 Supporting documentation includes, but is not limited to, receipts for fares, hotel, car rental, parking, registration fees.
 - 1.3.2 An agenda and/or documentation showing dates regarding the purpose of the travel must also be attached.
 - 1.3.2.1 Overnight trips without appropriate agenda documentation will be subject to IRS rules with funds being treated as income.
 - 1.4 For trips with travel advances the Travel Advance Reconciliation form with supporting documentation should be turned into the Business office within 5 days of trip completion.
 - 1.4.1 All funds given in advance should reconcile to actual expenses.
 - 1.4.2 Any funds not supported with a receipt showing actual expenses will be reimbursed back to the District.
 - 1.4.3 Supporting documentation includes, but is not limited to, receipts for fares, hotel, car rental, parking, registration fees.
 - 1.4.4 An agenda and or documentation regarding the purpose of the travel must also be attached.
 - 1.4.4.1 Overnight trips without appropriate agenda documentation will be subject to IRS rules with funds being treated as income.
 - 1.5 Reimbursement requests are entered into Ascender for payment.
 - 1.6 The process continues with the procedures outlines in the accounts payable section.

Employee Travel Advance/Reimbursement
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This procedure defines the process for reimbursement of work-related travel expenses for District employees as determined by the Texas Comptroller of Public Accounts. Travel advances and reimbursement are only allowed

using local funds. Travel advances are allowed with or without students. Travel reimbursement is used with State and Federal grant funds.

- 1.0 Employees receiving an advance/reimbursed from the District for travel must complete the Travel Request Form.
 - 1.1 If mileage is being claimed, then actual mileage must be used submitted by providing odometer readings to and from the site. If personal travel is included while on the trip, then a Map Quest printout must be submitted so that only school related mileage is paid.
- 2.0 Travel expenses must be in compliance with district policy DEE (Local) and DMD (Local).
- 3.0 For reimbursement of expenses the Travel Reimbursement Request should be turned into the Business office with supporting documentation for payment within 10 days of trip completion.
 - 3.1 Supporting documentation includes, but is not limited to, receipts for fares, hotel, car rental, parking, registration fees.
 - 3.2 An agenda and/or documentation showing dates regarding the purpose of the travel must also be attached.
 - 3.2.1 Overnight trips without appropriate agenda documentation will be subject to IRS rules with the funds being treated as income.
- 4.0 For trips with travel advances the Travel Advance Reconciliation form with supporting documentation should be turned into the Business office within 10 days of trip completion.
 - 4.1 All funds given in advance should reconcile to actual expenses.
 - 4.2 Any funds not supported with a receipt showing actual expenses will be reimbursed back to the District.
 - 4.3 Supporting documentation includes, but is not limited to, receipts for fares, hotel, car rental, parking, registration fees. Each employee's Travel Reimbursement Request or Travel Advance Reconciliation shall include only his/her own expenses. Separate bills shall be obtained whenever possible.
 - 4.4 An agenda and/or documentation showing dates regarding the purpose of the travel must also be attached.
 - 4.7.1 Overnight trips without appropriate agenda documentation will be subject to IRS rules with the funds being treated as income.
 - 4.8 Reimbursement requests are entered into Ascender for payment.
 - 4.9 The process continues with the procedures outlines in the accounts payable section.

Meal Allowances

- 1.0 Reimbursement for meals are allowed for day trips and overnight trips.
 - 1.1 For day trips, meal allowances will follow IRS rules and will be treated as income. Reimbursement will be paid through the payroll process.
 - 1.2 For overnight trips, meal allowances will not be treated as income as long as the appropriated documentations is on file.
 - 1.2.1 An agenda and/or documentation showing dates regarding the purpose of the travel must also be submitted.
- 2.0 District, State and Federal Funds:
 - 2.1 Meal allowances will be paid according to Board Policy DEE (Regulation). The maximum allowable includes gratuities.
 - 2.2 Receipts are required.
 - 2.3 If a meal is provided at a function being attended, such as a banquet included in the conference registration, that meal will not be eligible for reimbursement.
 - 2.4 Alcoholic beverages shall not be consumed during regular business hours when on official school business.
 - 2.5 Charges of any alcoholic beverages are the responsibility of the employee.

Lodging

- 1.0 Reservations through the Internet are acceptable under the following guidelines:
 - 1.1 Reservations by this method are charged state sales tax and possibly a processing fee. Total amount must be equivalent to or less than the allowable rate.
 - 1.2 An itemized receipt from the hotel is required documentation for reimbursement if the employee personally paid for the lodging. All pertinent pre-approval forms for travel are still required.
- 2.0 A Texas Hotel Occupancy Tax Exemption Certificate must accompany payment to the hotel to avoid paying state taxes. This certificate may be picked up from the business office.
 - 2.1 When checking into the hotel, provide the clerk with the Texas Hotel Occupancy Tax Exemption Certificate.
 - 2.2 Upon checkout, review the billing to ensure that state sales tax was not charged.
 - 2.3 The District will not provide reimbursement for state sales tax (unless traveling outside of Texas).
 - 2.4 County and municipal hotel occupancy taxes may be reimbursed.

- 3.0 Hotel rates vary, and every effort shall be made to obtain the most economical and practical accommodations available considering the purpose of the meeting.
- 4.0 Lodging rates allowable are found by going to the U.S. General Services Administration's (GSA) website at www.gsa.gov. The district will reimburse an employee's actual cost up to the allowable maximum. If the destination is in Texas and is not listed on the GSA site, the posted allowable rates on the Comptroller's website are to be used.
 - 4.1 Original, itemized receipts are required.
 - 4.2 Amounts in excess of the above limits are the responsibility of the employee.

Transportation

- 1.0 When an employee uses his/her personal vehicle on official school business, mileage is reimbursed only if:
 - 1.1 A school vehicle was not available.
 - 1.2 A Transportation request was submitted.
- 2.0 The maximum allowable for travel on official school business may not exceed the amount of the standard airline fare to that location.
- 3.0 The mode of transportation is the one in the district's best interest. It shall be the most cost-effective mode.
- 4.0 First-class airline travel will not be permitted. Airline receipts are required.
- 5.0 Contact the business office before making any airline reservations.
- 6.0 Reservations through the Internet are acceptable under the following guidelines:
 - 6.1 A "Print Screen" of the reservation or email confirmation is required for payment.
 - 6.2 A copy of the employee's credit card statement showing the employee incurred these charges is necessary for reimbursement.
- 7.0 Toll road fees may only be reimbursed in the instance that the toll road is the most cost effective or efficient route. Official toll road receipts and written justification must be provided as support for the reimbursement.
- 8.0 The rate of reimbursement for the employee's personally owned motor vehicle is .44 per mile. Except for the cost of airport parking incurred while on official business or parking fees required for transaction of school business, no additional expense incidental to the operation of such motor vehicles shall be allowed.
- 9.0 Receipts are required for monies expended for railroad, air, taxi, parking fees, etc.
- 10.0 If mileage is being claimed, then actual mileage must be used submitted by providing odometer readings to and from the site. If personal travel is included while on the trip, then a Map Quest printout must be submitted so that only school related mileage is paid.

Use of personal vehicle for District Business

- 1.0 The Travel Reimbursement Form must be completed by employees to claim approved mileage reimbursement.
 - 1.1 The intent of the mileage reimbursement is to reimburse for all actual business miles driven in excess of the commuting miles from your home to your primary work location and back. If there are no miles driven in excess of normal commuting miles, no reimbursement is due.
 - 1.1.1 Actual mileage reported shall be based on actual miles. Odometer reading to and from the site must be reported. If personal travel is included while on the trip, then a Map Quest printout must be submitted so that only school related mileage is paid.
 - 1.2 Never report miles driven to and from home to your primary work location.
 - 1.3 If you begin your workday at your primary work location, begin reporting miles from that point using odometer reading.
 - 1.4 If you begin your workday at a temporary work location, you may report miles from your home to that location or miles from your primary work location to that location, whichever results in the shortest travel distance reported.
 - 1.5 Record the miles from each work location to the next using odometer readings.
 - 1.6 If you end your workday at a temporary work location, you may report miles from your location to your primary work location or to your home, whichever results in the shortest travel distance reported.
- 2.0 Upon prior supervisory approval, when an employee uses his/her personal vehicle and is reimbursed for mileage, additional reimbursement for gasoline is not permitted. It is already included in the mileage rate allotted.
- 3.0 When a District employee drives his/her personally owned vehicle, no matter how many passengers, the primary policy of coverage will be his/her own auto policy. The employee's personal auto policy will be fully utilized for any and all comprehensive, collision, or liability claims. If a lawsuit is brought against the employee and/or the school district, the employee's personal auto policy will settle and/or defend all parties involved. The Texas Tort Law limits the amount of employee's liability to \$100,000.

Rental of Vehicle for District Business

- 1.0 For information regarding rentals, contact the business office.
- 2.0 District is exempt from paying state sales tax in Texas when renting a vehicle for business purposes.
- 3.0 Gasoline expense is reimbursable when using a rental car.
 - 3.1 A receipt is required for reimbursement.

- 4.0 The District Automobile Insurance Policy (AIP) will cover all liability and physical damage if the District driver is at fault. If the other driver is at fault, then his/her auto policy shall be primary.
 - 4.1 The District AIP does not cover other physical damage caused by national disaster, vandalism or theft. The additional coverage offered by the rental company would pay for those damages.
 - 4.2 All vehicle rentals will be done through the business office.

Spouse/children Accompanying District Employee

- 1.0 In cases where the spouse/children, who are not on official school business, accompany the school official or employee, no expenses for the spouse/children may be reimbursed.
- 2.0 Only the single standard room rate is to be included in the request for reimbursement.
 - 2.1 For example, if a double room costs \$85 per night, and a single room costs \$75 per night, the employee will be reimbursed at the \$75 rate.
 - 2.2 If the room is shared with the spouse/children. The employee would be billed for any costs over the single standard room rate.
- 3.0 It is not permissible to charge any expenses for the spouse/children to the District and later reimburse district.

Student Travel

General Instructions

All District student travel shall be in compliance with district policies.

Overnight Trips by Students

- 1.0 All individuals and groups representing the District requiring an overnight trip must receive advance written approval from the school principal. Approval is not needed if a student group has advanced in competition thus requiring an overnight trip.
- 2.0 Each student and parent/guardian may be required to sign the supporting documents that will include a liability waiver, comments regarding conduct requirements, adequacy of chaperones, and other appropriate data.
- 3.0 The principal/director's office shall be provided with a list of all students, teacher/sponsors, parents etc. as well as the itinerary.
- 4.0 Parent/guardian expenses cannot be incurred by the school district unless there is a financial hardship, which will be considered on a case-by-case basis by the principal.

Meal Allowance for Student Related Trips (In-State)

- 1.0 Students and sponsors/coaches (District employees) taking a single day trip will be provided a meal allowance set in District policy DEE (Regulation), unless otherwise authorized. Receipts will be required.
- 2.0 Students taking a trip requiring an overnight stay will be provided a meal allowance set in District policy DEE (Regulation), unless otherwise authorized. Receipts will be required.

Meal Allowance for Student Related Trips (Out-of-State)

- 1.0 Students taking a trip requiring an overnight stay out-of-state will be provided a meal allowance set in DISTRICT policy DEE (Regulation), unless otherwise authorized. Receipts will be required.

Approval Required

Student travel paid from campus/departmental budgets requires the approval of the Principal or Superintendent.

Advances for Student Travel

- 1.0 Advances for student travel shall be processed using the Transportation Request. Sponsor/coaches shall obtain proper original receipts for above items including lodging, parking and gasoline which will be submitted to Business Manager upon return. Receipts are required for meals.
- 2.0 Record attendees on the Transportation Request Form along with number of meals needed.
- 3.0 The amount of registration shall also be included on the Transportation Request.
- 4.0 Sales Tax Exemption forms for lodging and vehicle rental must be used to avoid being charged the sales tax.
- 5.0 Cash Advance for Meals for Students and Sponsors/Coaches
 - 5.1 Cash advances for meals is allowed and should be done using the Transportation Request. The advance shall be made payable to one of the sponsors/coaches traveling so that the sponsor/coach can go to the bank to cash the check. A Travel Advance Reconciliation Form must be completed upon return. Advances must be reconciled to the receipts. Unused funds will be returned to the District. The sponsor/coach receiving the cash advance is responsible for any funds short and not matching to the receipts.
- 6.0 Cash Advance for Lodging for Students and Sponsors/Coaches

- 6.1 Cash Advances for lodging is not allowed unless the hotel does not accept payment by check or credit card. Credit card or check payments are made using the Transportation Request. A receipt from the hotel is required upon return. Check payments are made to the hotel.
- 6.2 A Hotel Tax Exemption Certificate will be provided to the hotel so that state taxes will not be charged. The certificate can be picked up from the Business Manager.

Cash Advance for Car/Van Rental

- 1.0 Advances for vehicle rental must be included on the Transportation Request. Cash advances are allowed only if the vehicle rental company does not allow payment by credit card or check. A receipt is required.

Transportation

- 1.0 Reimbursement for mileage when the employee uses his/her personally owned vehicle will be at .44 per mile.
- 2.0 Toll road fees may only be reimbursed in the instance that the toll road is the most cost effective or efficient route. Official toll road receipts must be provided as support for the reimbursement.
- 3.0 When a District employee drives his/her personally owned vehicle, no matter how many passengers, the primary policy of coverage will be his/her own auto policy. The employee's personal auto policy will be fully utilized for any and all comprehensive, collision, or liability claims. If a lawsuit is brought against the employee and/or the school district, the employee's personal auto policy will settle and/or defend all parties involved. The Texas Tort Law limits the amount of employee's liability up to \$100,000.
- 4.0 Contact the business office before making airline reservations.

Vehicle Rental for Student Travel to Competitions

For information regarding rentals, contact the business office.

- 1.0 Contact the business office for bid information for charter bus service for non-school bus travel.
- 2.0 A district may not lease a 15-passenger van if it will be used significantly by, or on behalf of, the school or school system to transport students to and from a school related event, unless the 15-passenger van complies with the motor vehicle standards for school buses and multifunction school activity buses.
- 3.0 The District is exempt from the Texas state sales tax, sometimes referred to as motor vehicle tax; however, out-of-state tax is not exempt.
- 4.0 The District is not exempt from property rental tax.
- 5.0 The District Auto Insurance Policy (AIP) will cover all liability and physical damage if the District driver is at fault. If the other driver is at fault, then his/her auto policy shall be primary.

- 5.1 The District AIP does not cover other physical damage caused by natural disaster, vandalism or theft. The additional coverage offered by the rental company would pay for those damages. However, if renting a vehicle out-of-state, please buy the additional coverage offered by the rental company to avoid any problems.
- 5.2 All vehicle rentals shall be made through the business office.
- 6.0 Reimbursement to Sponsors/Coaches or Reimbursement to District from Sponsors/Coaches must be requested on the Travel Reimbursement Request.
- 6.1 Receipts are required.

Payroll

Allowable Compensation

Compensation for employees paid from federal funds will be in accordance with the established written policy for compensation for all employees, and the written policy will be consistently applied among all employees, whether paid from state, local, or federal funds. Compensation 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.

Costs of compensation are allowable to be charged to a federal award to the extent that they satisfy the following requirements as specified in 2 CFR § 200.430 and that the total compensation for individuals:

1. Is reasonable for the services rendered and conforms to the established written policy of the District consistently applied to both federal and non-federal activities;
2. Follows an appointment made in accordance with the District's rules or written policies and meets the requirements of federal statute; and
3. Is determined and supported by documentation that meets the federal *Standards for Documentation of Personnel Expenses*.

Nepotism

Nepotism involves providing favoritism, such as granting employment, to a person based on his or her kinship with a public official, such as a member of a school board or an officer of a school district.

Requirements Related to Nepotism

By law, a public official (for example, a member of a school board or an officer of the school district) is prohibited from appointing or approving the appointment of any related person to a position that is paid for with public funds. The prohibition applies to any person related to the public official:

- within the first, second, or third degree by consanguinity (blood relation) or

- within the first or second degree by affinity (marriage).²³

A person related to a school public official may serve in a position if the person has served continuously and was originally appointed:

- 30 days before the public official was appointed,
- six months before the public official was elected in an election other than the general election, or
- one year before the public official was elected in a general election.

However, the related public official may not participate in a discussion or a vote for the following purposes if that discussion or vote applies only to the person rather than a category of employees:

- to reappoint the person or confirm the reappointment, to change the person's status or compensation, or
- to dismiss the person.

Determining Kinship by Consanguinity and Affinity

Kinship between two people can be established by either:

- consanguinity—the two people have the same ancestor, or one is a descendant of the other, including an adopted child, 28 or
- affinity—the two people are married to each other or one person is a blood relative of the other person's spouse.

Consanguinity—Blood Relations to a Public Official

Determining Degree of Consanguinity between a School District Public Official and Other Family Members			
Degree of Consanguinity	Relationships Included in Each Degree of Consanguinity		
First Degree	The public official's: •parent •child		
Second Degree	The public official's: •grandparent •grandchild	•sister •brother	
Third Degree	The public official's: •great-grandparent •great-grandchild	A sister or brother of a public official's parent: •aunt •uncle	A child of a public official's sister or brother: •niece •nephew

Establishing New Employee for Payroll

- 1.0 Each supervisor hiring a new employee must complete a Personnel Action Notice form. Attach completed application packet including transcripts, service record, and teaching certificate.
- 2.0 The completed Personnel Action Notice form is sent to the personnel/business office for verification.
- 3.0 The employee must complete an I-9, W-4, an Employee Election of Insurance Form, and SSA 1945 form if appropriate.
 - 3.1 The employee must submit a copy of his/her social security card.
 - 3.2 The employee must submit a copy of his/her driver's license.
 - 3.3 The employee must be fingerprinted or show evidence of required fingerprinting.
- 4.0 The Personnel Action Notice form is matched with the documents previously listed. If there is a variation in the information provided, the employee is contacted for correction. Once information is verified to be accurate, it is entered into Ascender for future payroll processing.
- 5.0 Authorization Agreement for Direct Deposit
 - 5.1 Employees may enroll in the Direct Deposit Program.
 - 5.2 Employees must complete the Direct Deposit Authorization Agreement for automatic deposit.
 - 5.2.1 This will provide the employee's bank transit number, account number, and account type to the business office.
 - 5.2.2 In order to reduce the possibility of identity theft, this form must be delivered to the business office in person.
- 6.0 Extra Duty Pay requests needs to be documented with day and time of extra duty, and submitted to the business office by the first of the month to be paid for current payroll period.
- 6.0 The Personnel Action Notice form is also used when the employee has any assignment changes, etc.
 - 6.1 The supervisor completes the form and forwards to the Business Office.
 - 6.2 The Business Office reviews the form and makes necessary changes in Ascender to payroll distribution, job code, etc. to match changes.

Substitute Teacher Reimbursement

- 1.0 Substitutes for a classroom teacher are paid \$55.00 per day for non-certified and \$65.00 per day for certified. Substitutes for aides will be paid \$53.00 per day. Cafeteria and snack bar substitutes will receive \$7.25 per hour.
- 2.0 The substitute must complete an I-9, W-4, an Employee Election of Insurance Form, and SSA 1945 form if appropriate.
 - 2.1 The substitute must submit a copy of his/her social security card.

- 2.2 The substitute must submit a copy of his/her driver's license.
- 2.3 The substitute must be fingerprinted or show evidence of required fingerprinting.
- 2.4 Certified teachers must submit a copy of his/her certification to receive certified pay.

Reasonable Compensation

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 District. In cases where the kinds of employees required for the federal awards are not found in the other activities of the District, 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 District competes for the kind of employees involved.

Employee Payroll Information

- 1.0 This procedure applies to the Business Office and how payroll is processed for the 10th of the month.
 - 1.1 Prior to payday, timesheets are printed for support staff to sign and are approved and validated by the principal of each campus.
 - 1.2 Payroll Manager will enter time sheet data.
 - 1.2.1 Preliminary reports are run to validate payroll information, then the Payroll Manager will review and verify payroll.
 - 1.2.1.1 If data is incomplete or incorrect the Payroll Manager makes the necessary changes.
 - 1.2.1.2 If payroll is correct it is then posted in Ascender.
- 2.0 Distribution of Paychecks
 - 2.1 Payroll Calendar:
 - 2.1.1 Employees are paid on the 10th of each month unless that date falls on a weekend or holiday.
 - 2.1.2 If the normal pay date falls on a weekend or holiday, pay checks are normally distributed the first business day prior to the 10th.
 - 2.1.3 The business office must have Extra Pay Requests and Substitute Pay Requests by the 1st of the month. These requests must have the correct budget account number to charge, proper approvals in compliance with the fiscal authorization form and must be signed.
 - 2.2 Payroll transactions
 - 2.2.1 The Payroll Manager creates a file in the HR module of Ascender for employees who have chosen to receive payment via ACH, this file contains employee's information, net pay, bank routing number, and account number.

- 2.2.2 The Payroll Manager then prepares the text file to submit to the bank and authorize through the bank website.
- 2.2.3 Employees who have chosen to receive a check will have their checks printed during the posting process and available for pick up on payday.

Professional Activities Outside the District

Unless an arrangement is specifically authorized by TEA or other awarding agency, the District must follow its written policies and practices concerning the permissible extent District employees may provide professional services outside the District for non-District compensation. If a policy does not exist or does not adequately define the permissible extent of consulting or other non-District activities undertaken by an employee for extra outside pay, the federal government may require that the effort of professional staff working on federal awards be allocated between:

1. District activities and
2. Non-district professional activities.

If TEA or other awarding agency considers the extent of non-District 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.

Therefore, the District's policy which governs employees obtaining payment for performing professional services outside the District is incorporated into the District's written employee compensation policy. 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 *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 completed, signed form will be submitted to the Business Consultant for review and determination of whether a potential conflict of interest exists.

The District complies with other requirements pertaining to allowable and unallowable costs as specified in 2 CFR § 200.430(d), (e), and (f), including:

1. Compensation for certain employees of cost-reimbursement contracts covered under 10 USC 2324(e)(1)(P); 41 USC 1127; and 41 USC 4304(a) (16);
2. Changes in compensation resulting in a substantial increase in the District's employees' level of compensation; and
3. Incentive compensation based on cost reduction, efficient performance, suggestion awards, safety awards, etc.

Job Descriptions

Each employee must have a current job description on file. The immediate supervisor or manager is responsible for developing a complete and accurate job description for each employee under his or her supervision. The job description must describe the employee's job responsibilities as well as delineate all programs or cost objectives under which the employee works.

Job descriptions must be updated as new assignments are made. The supervisor must review the job description with the employee upon hiring and as the job description is updated. The employee must sign and date that he or she has read and understands the job description and the programs under which he or she is working.

The job description must be immediately available upon request by an auditor or monitor.

Standards for Documentation of Personnel Expenses

Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. In accordance with 2 CFR § 200.430, these records must:

- Be supported by a system of *internal controls* which provides reasonable assurance that the charges are accurate, allowable, and properly allocated
- Be incorporated into official records
- Reasonably reflect total activity for which the employee is compensated, not exceeding 100% of compensated activities
- Encompass both federally assisted and all other activities compensated by the District on an integrated basis
- Comply with the established accounting policies and practices of the District, and
- Support the distribution of the employee's salary or wages among specific activities or costs objectives if the employee works on:
 - More than one federal award
 - A federal award and a 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.

Time and Effort Procedures

All District employees who are paid in whole or in part with federal funds will maintain documentation in accordance with the following requirements.

All charges to payroll for personnel who work on one or more federal programs or cost objectives must be based on one of the following, depending on the circumstances:

- **Semi-annual certification** (for employees who work 100% of the time on a single program and/or cost objective [except for programs covered under Ed-Flex, as long as Texas remains an Ed-Flex state], in which case a signed and dated job description must be in the employee's personnel file; also see exception for school wide programs below)
- **Time-and-effort records** (for employees working on more than one program and/or more than one cost objective)
- [Substitute system](#)

Additional summary information pertaining to each of these is provided below. Refer to the section "Compensation for personal services" in 2 CFR § 200.430 for more detailed information pertaining to charges to payroll.

Semi-Annual Certification

Semi-annual certification applies to employees who do one of the following:

- Work 100% of their time on a single grant program and/or single *cost objective*
- Work 100% of their time in administering programs that are part of *consolidated administrative funds* (such as a Federal Programs Director who administers only these programs)
- Work 100% of their time under a *single cost objective* funded from eligible multiple funding sources. A Title I, Part A, school wide program is a single cost objective.

*"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 District, a particular service or product, a federal award, or an indirect cost activity.

These employees are not required to maintain time-and-effort records. However, each employee must certify in writing, at least semi-annually, that he/she worked solely on the program or single cost objective for the period covered by the certification. The certification must be signed by the employee or by the supervisor having first-hand knowledge of the work performed and should reference the employee's signed and dated job description maintained in their personnel file. Charges to the grant must be supported by these semi-annual certifications. The semi-annual certifications are maintained by the Payroll Department of the District.

(See the exceptions for school wide programs and Ed-Flex programs below.)

Job Descriptions: These employees are also required to maintain on file a signed and dated job description which clearly shows that the employee is assigned 100% to the program or single cost objective. The job description must be updated annually or when a function or activity is added to or deleted from an existing job description, must clearly identify the function and activities performed by the employee for the applicable fund source(s) or cost objective, and must be maintained in the employee's personnel file.

The semi-annual certification must

- be executed after the work has been completed, and not before
- state that the employee worked solely (i.e., 100% of the time) on activities related to one particular grant program or single cost objective
- identify the grant program or cost objective
- specify the 6-month reporting period
- be signed and dated by the employee or a supervisor with first-hand knowledge of the work performed

Charges to the grant must be supported by these semi-annual certifications. All certifications must be retained for audit and monitoring purposes. It is recommended that the certifications be retained in a central location to facilitate an audit.

Other examples:

Because all funds consolidated on a Title I school wide campus benefit only that campus and no other cost objective, a Title I school wide program is a single cost objective. However, depending on the funding sources consolidated, personnel may or may not be required to complete a certification. See more information below about consolidating funds on a Title I school wide program.

A statutory set-aside within a program is a cost objective. For example, Title I, Part A requires that districts receiving \$500,000 or more in Title I, Part A reserve not less than 1% of their Title I, Part A allocation (at the LEA level, not at the campus level) to carry out parental involvement activities. In order to track the 1% expended for this activity, this parental involvement activity must be identified as a separate activity or cost objective for time and effort purposes.

Special Note on Single Cost Objectives: Per TEA, some districts have received an audit finding for identifying the following or something similar as a single cost objective. Auditors do not view these and similar as single cost objectives because there are multiple set-asides and cost objectives within each of these areas.

Federal programs

Title I, Part A

Title II, Part A

NCLB

Working on initiatives and programs that benefit Title I students

Director of Federal Programs

Title I Program Director

Time and Effort (i.e., Personnel Activity Reports)

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

- Do *not* work 100% of their time on a single grant program and/or single cost objective
- Work under multiple grant programs or multiple cost objectives

These employees are required to maintain time-and-effort records or to account for their time under a substitute system (see below). Employees must prepare time-and-effort summary reports at least monthly (or every other week, as applicable) to coincide with pay periods. Such reports must reflect an *after-the-fact* distribution of 100%

of the *actual* time spent on each activity and must be signed by the employee. Monthly reports must be submitted to the Payroll Department, and charges to payroll must be adjusted at least monthly to coincide with preparation and submittal of expenditure reports.

Examples of employees who work on multiple cost objectives:

- An employee who works partially on *administering* programs included in *NCLB* consolidated administrative funds pool, and partially on *administering other programs (not included in NCLB consolidated administrative funds pool)*, must maintain time-and-effort records or account for his or her time under a substitute system. These are two different cost objectives.
- An employee who works partially on *administrative* activities (paid from administrative funds) and partially on *program* activities (paid from program funds) of the same program must maintain time-and-effort records or account for his or her time under a substitute system. These are two different cost objectives.
- An employee who works on regular Title I activities and Title I parent involvement activities must maintain time-and-effort records. (The LEA must document the 1% of its allocation expended on parent involvement activities if the LEA receives more than \$500,000 in Title I, Part A.) These are two different cost objectives.
- An employee who works part of the time on *direct* cost activities and part of the time on *indirect* cost activities must maintain time-and-effort records or account for his or her time under a substitute system. These are two different cost objectives.

Time Sheets

This procedure defines the process for managing Time Clock Plus.

- 1.0 When new support staff is hired Technology is notified and provided an employee number from the Payroll Manager to setup in Time Clock Plus.
- 2.0 At the end of month Supervisors are notified by Payroll to verify their support staff's time sheets.
- 3.0 Payroll reviews each support staff's monthly time.
 - 3.1 Identify that there are approval checks for shift changes.
 - 3.2 Verify over-time with Supervisor.
- 4.0 Payroll is informed if there are any changes to pay according to the time sheet.
 - 4.1 If overtime has occurred, then pay is adjusted.
 - 4.2 If no overtime has occurred, then pay is generated as required.

- 5.0 The approved time sheet is then printed, signed by the employees and Supervisors, then submitted to the Payroll Manager to retain with payroll documentation.

Time Sheet Procedures

This procedure defines the process for which Support Staff at the District will record their time worked.

- 1.0 All non-exempt employees should accurately record all time transactions using Time Clock Plus using a computer.
- 2.0 Actual hours worked should be recorded by rounding to the nearest $\frac{1}{4}$ hour per table below.
- 3.0 When a missed punch occurs, the employee must communicate to the Business Office for the time to be corrected.
- 4.0 Rounding Table
- 0-7 minutes report as an even hour (part of last completed hour)
 - 8-24 minutes report as a quarter hour
 - 25-37 minutes report as a half hour
 - 38-52 minutes report as a three quarter hour
 - 53-60 minutes report as an even hour
- 4.1 Calculate the totals for each day and week.

Employees must indicate in and out times for lunch or other breaks in the workday in excess of 15 minutes

Employee Leave

This procedure applies to how employee leave is handled by the Business Office.

- 1.0 All full-time employees receive five days of state personal leave each year.
- 1.1 Part-time employees or those who work less than a full year receive a pro-rated number of days.
 - 1.2 Additionally, the district provides five days of local leave each year.
 - 1.3 Employees can use accumulated state or local leave for your personal illness or injury or the illness or injury of an immediate family member.
- 2.0 Payroll Manager receives an approved Absence from Duty Request/Report from campus supervisor to enter into Ascender.

403b Deductions

This procedure applies to the Business Office and covers the process to enter and submit 403(B) deductions from payroll to annuity vendors in a timely manner as to maximize the employees' earnings.

- 1.0 Payroll Manager receives SRA from vendor.
- 2.0 Payroll Manager submits the SRA to OMNI upon verification from OMNI the deduction is entered in the employee's deduction record in Ascender with appropriate start and stop dates.
- 3.0 The annuity deduction is recorded on the Payroll Manager's benefit reconciliation spreadsheet.
- 4.0 The SRA is then filed in the employee's payroll file.
- 5.0 Annuity payments are made monthly with the OMNI online remittance electronically.

HSA Deductions

This procedure applies to the Business Office and covers the process to enter and submit HSA deductions from payroll to the financial institution.

- 1.0 Payroll Manager receives HSA from the employee.
- 2.0 Payroll Manager enters information from the HSA Form to payroll in Ascender.
- 3.0 The HSA is then filed in the employee's payroll file.
- 4.0 HSA payments are made monthly by either direct deposit or check.

Employee Benefit Deductions

This procedure applies to the Business Office and the process to enter and submit insurance deductions, fees, dues, and other deductions.

- 1.0 Employees meet with the US Employee Benefits Representative to make their insurance selections.
- 2.0 The US Employee Benefits Representative provides the Payroll Manager employee selections.
- 3.0 For a qualifying company the deduction is entered per the employee's deduction record in Ascender with appropriate start and stop dates.
 - 3.1 The deduction(s) is recorded on the Payroll Manager's benefit reconciliation spreadsheet.
- 4.0 Filed in Personnel Files located in the Business Office.
- 5.0 Employees that need to make changes to their insurance selections must contact the US Employee Benefits Representative.
 - 5.1 Changes may be made throughout the year if the employee is not covered under the Cafeteria 125 plan.

- 5.2 Changes cannot be made to the employee's information if covered under the Cafeteria 125 plan until the beginning of the new fiscal year, unless there is a status change.
 - 5.2.1 Status change includes death, birth, adoption, marital status, and change in spouse's employment or retirement.
 - 5.2.2 The employee is then notified that the changes cannot be made via inter-local mail.
- 6.0 Payroll Manager access electronically from TRS the bill for the medical insurance for the employees.
 - 6.1 Payment is required to be made in full and is submitted via TEXNET
 - 6.2 Invoice is verified with the Payroll Manager benefit reconciliation spreadsheet.
 - 6.2.1 If there are discrepancies, they are reported to the TRS account representative.
 - 6.2.1.1 Discrepancies are adjusted on the following month's invoice.
- 7.0 Payroll Manager will reconcile deduction reports generated from Ascender for non-health insurance benefits after payroll is processed to the reconciliation spreadsheet and monthly invoices.
 - 7.1 Verify names and amounts on spreadsheet and payroll match names and amounts on invoices (may need to use SS# and/or maiden names).
 - 7.2 If name on spreadsheet/payroll not on invoice, verify and correct discrepancies.
- 8.0 Deduction checks for non-health insurance benefits are printed from Ascender after verification.
 - 8.1 Checks are mailed with invoices to the vendors.
 - 8.2 Copies of payments are filed in the Business Office.

Payroll Garnishment

This procedure is how garnishment of Employee's wages per bankruptcy court orders, child support orders, taxes or educational loans are processed by the Business Office

- 1.0 Order for garnishment is received in mail from State and/or County Taxes, IRS, Educational Loans (for all Education Institutes), Bankruptcy, or Child Support, for garnishment of employee wages.
- 2.0 Verify that person is employed by the District.
 - 2.1 If not – return order to establishment in which it came from.
 - 2.2 If employed by the District, the garnishment order is stamped with date stamp of when received.
 - 2.2.1 If Bankruptcy – two copies are received, sign and date back of highlighted order and return in the provided envelope to the Bankruptcy Court, other copy is kept for accounting records.

- 3.0 State and County Taxes, and Educational Loan garnishments are calculated based on the individual's disposable income and the percentage stated by the garnishment papers.
 - 3.1 Child Support and Bankruptcy garnishments are set by the prevailing courts.
 - 3.2 Notice of Levy of Wages, Salary and other income - IRS 668-W(c) is received by the Business Office and the employee
 - 3.2.1 Required Forms are completed and returned to the IRS with the first garnishment payment.
 - 3.3 All garnishment is run until order is received to stop or modified.
 - 3.4 The individual's payroll data record who is identified in the garnishment paper is retrieved in Ascender.
 - 3.5 The garnishment code, dollar amount and the number of payments to be made are entered into Ascender.
 - 3.6 All garnishment orders are filed in the employee's payroll file.
 - 3.7 When a release order is received for any garnishment enter current date as the stop date in the Ascender Database and file the release with the original order.
 - 3.8 Child support or bankruptcy payments should not be stopped because of a mistake in the amount.
 - 3.9 If the payment is less than, do a direct pay as quickly as the error is discovered.
 - 3.10 If over paid, the court will refund the district.
 - 3.11 Garnishment liabilities are paid monthly.
 - 3.12 Child Support paid via Expert Pay Electronically.

TRS Liability

This procedure applies to the Business Office and the process to pay for retirement to the Teacher Retirement System.

- 1.0 TRS reports are printed and checked for accuracy at the end of each month.
- 2.0 Accurate, if the TRS total gross multiplied equals member rates and state matching rates set by TRS.
 - 2.1 If not accurate, each individual person is verified and corrected if the manual calculation does not match.
- 3.0 TRS TEAM submission files are created in Ascender.

- 4.0 TRS amounts generated from the submission files are then entered into the TRS Spreadsheet.
 - 4.1 Amounts are then calculated to be paid to the TRS.
- 5.0 The Payroll Manager then goes online to TEXNET website and keys in the information to setup the automatic withdrawal from the Districts bank account for a particular date to be paid.
 - 5.1 Total amount of liability entered via internet is repeated and verified for accuracy.
 - 5.2 If accurate a confirmation number is given and recorded on the TEXNET form
 - 5.3 If not, accurate there is an opportunity given prior to confirmation to reenter the information correctly.
- 6.0 The TRS submission files are then submitted electronically thru the TRS RE Portal website
 - 6.1 Reports employee's salary earned for the month and the amount deducted for their individual retirement account to be deposited.
 - 6.2 Reports new employees and the amount the District owes TRS for the new hire.
 - 6.3 Reports retired members with their time worked.
 - 6.4 Adjust Membership data
 - 6.5 All reports are then confirmed by Payroll Manager's electronic signature.
- 7.0 Payroll Manager submits to the Business Manager the TRS Liability spreadsheet and payment verification for the journal entry to be recorded in Ascender.

Worker's Compensation Claims

This procedure applies to the Business Office and how to process Worker's Compensation Claims.

- 1.0 When an employee is injured at work the employee must report the injury to their Supervisor immediately.
- 2.0 The first Report of Injury or Illness must be completed by the employee and Submitted to the Payroll Manager.
- 3.0 The Payroll Manager then completes the employer's portion of the First Report of Injury or Illness form.
 - 3.1 Checked by the Payroll Manager for accuracy.
 - 3.1.1 Must have employee's name, address, social security number, and how the accident occurred.
 - 3.1.2 Accident verified with the employee's supervisor for facts of the incident.
- 4.0 Completed First Report of Injury or Illness form is then submitted to Creative Risk Funding and then filed in the worker's compensation file.

941 Payroll Report

This procedure applies to the Business Office and the process used to file 941 quarterly and annual payroll reports.

- 1.0 A 941 report must be filed with the Federal Government reporting wages earned, Federal Withholding, FICA, wages subject to social security, and the employer's portion of the social security and FICA taxes owed per employee per quarter.
 - 1.1 A 941 worksheet is retrieved for the quarter and for the year-to-date from Ascender.
 - 1.2 All EFTPS forms are pulled and the Schedule B of the 941 is completed.
 - 1.3 Payroll tax liability is figured on the whole quarters wages and compared to what was actually paid in on the EFTPS.
 - 1.4 The payroll tax liability is also tied into the year to date liability verifying each quarter's 941 previously filed.
 - 1.4.1 If totals agree the report is filed.
 - 1.4.2 If amounts differ then adjustments are made as needed and the form is completed.
 - 1.4.2.1 If amount is owed, then an EFTPS payment is submitted electronically.
 - 1.4.2.2 If amount is overpaid, then a refund request is checked on the form and submitted.
- 2.0 Once the 941 report is completed it is sent to the Superintendent for approval and signature.
- 3.0 Once approved the 941 report is filed with the Federal Government.

W-2

This procedure applies to the Business Office and the process of completing the employee's W-2

- 1.0 At year end a W-2 Report from Ascender is retrieved listing each employee with their social security number, wages earned, and total deductions withheld from their wages for the year.
- 2.0 All four quarters of the 941 filed for the calendar year are then retrieved to verify that total wages reported match those of the W2 Report.
 - 2.1 If total wages for both reports match the W2's are printed.
 - 2.2 If total wages differ corrections are made where necessary and then verified for accuracy.
- 3.0 When the W-2s are printed an electronic file is created with the information and submitted to the Social Security Administration via the internet.

4.0 Employee's access W-2's thru the Ascender Employee Access Module

4.1 W-2s for Pro-Tems and former employees will be mailed to the employee on January 31st.

Affordable Care Act

This procedure applies to the Business Office and the process to file and distribute 1095-C Forms

1.0 The Payroll Manager will print each employee's 1095-C form from Ascender, and distribute by the due date set forth by the IRS.

2.0 Obtain a TCC from the IRS to be able to file the 1095-C from an air file created in Ascender.

2.1 Submit file electronically by the due date set forth by the IRS.

Texas Workforce Commission

This procedure applies to the Business Office and the process to file the Texas Workforce Commission quarterly unemployment reports.

3.0 A TWC report must be filed with the Texas State Government reporting wages earned for the quarter and year to date to figure a percentage paid for unemployment compensation.

4.0 Ascender creates a TWC wage list which includes employee's name and wages earned during the quarter.

4.1 The electronic file is submitted TASB via the internet.

Electronic Fund Transfer Payment

This procedure applies to the Business Office and covers the process to pay for Federal Payroll Taxes.

1.0 The monthly processing calendar indicates the times for a payroll run, and ultimately, EFTPS payments.

2.0 Once payroll has been processed and posted in Ascender. The 941 report is generated in Ascender

3.0 The last page of the 941 report is printed with the district totals of FICA, MEDICARE, and FWH that has been deducted from employee's paychecks.

4.0 The amounts from the 941 report are entered onto the EFTPS Spreadsheet.

4.1 The spreadsheet calculates the total amount to be paid to the IRS including the company's portion.

4.2 The Payroll Manager will manually calculate the figure to validate the EFTPS amount to be paid.

4.2.1 If the totals match, then the EFTPS is processed.

4.2.2 If the totals do not match the error is found and corrected.

5.0 The Payroll Manager then goes to the EFTPS website online and keys in the information to setup the automatic withdrawal from the District's bank account for a particular date to be paid.

5.1 All information entered online is repeated to verify accuracy.

5.1.1 If accurate a confirmation number is given and recorded on the EFTPS form.

5.2 If not accurate there is an opportunity given prior to confirmation to reenter the information correctly.

5.3 Receipt of the EFTPS along with the supporting documentation is submitted to the Business Consultant for the journal entry to be recorded of the payment made.

Payroll ACH

This procedure applies to how the Business Office establishes direct deposit for their employees.

1.0 Employees may participate in Direct Deposit by completing the Direct Deposit Authorization Form.

1.1 Will provide the employee's bank transit number, account number & account type to Payroll Department.

2.0 Direct Deposit Information is entered into Ascender.

3.0 Enrollments or changes in accounts will take 30 days to complete due to verification of information through the banks.

Demographic Change

This procedure applies to the Business Office in how an employee's demographic change is handled.

1.0 Employees may submit demographic changes thru Ascender Employee Access.

2.0 Changes are then approved by the Payroll Manager and automatically updated in the Ascender HR Module.

3.0 Employees with name changes must report to the Payroll Manager and provide documentation verifying name change.

Other

Sales Tax Exemption

All items purchased by a school district or non-profit campus for the campus's own use qualify for an exemption from sales tax if the items purchased relate to the educational process. The campus, school district or authorized agent should provide the seller with a valid Texas Sales and Use Tax Exemption Certification. To be valid, the certificate must state the merchandise being purchased is for the organization's own use in providing education and is being made in the name of the organization, and that payment will be made from the organization's own funds.

Purchases

- 1.0 All purchases made for the exclusive use of the district should be made tax exempt. A Texas Sales and Use Tax Exemption Certificate Form should be issued to the vendor.
 - 1.1 A [Texas Sales and Use Tax Exemption Certificate Form](#) can be obtained from the business office.
 - 1.2 When reimbursing a district employee for purchases made on behalf of and for the exclusive use of the district, sales taxes should not be reimbursed to that person unless the purchase was due to an emergency situation. To keep a person who makes the purchases from having to absorb the sales tax, the employee should obtain a Texas Sales and Use Tax Exemption Certificate form from the Business office **before** they make the purchase.
- 2.0 PTO's, booster clubs, and associates are prohibited from using the district's sales tax permit number. These groups should apply for their own sales tax permit number. These groups are responsible for collecting, reporting and remitting their own sales tax to the state.
- 3.0 Whether items are purchased in-state or out-of-state, does not determine if a transaction is taxable or not taxable. An out-of-state vendor might be required to collect sales tax at the time of sale. It is recommended to make all purchases tax exempt where practicable. This helps prevent duplicate payment of sales taxes. However, if an out-of-state vendor insists on being paid sales tax at the time of purchase, it should be done.

Campus Sponsored Trips

Meals purchased by the campus for athletic teams, bands, clubs, etc. on authorized campus trips are exempt from sales tax if the campus contracts for the meals. The campus must pay for the meals with a purchase order and provide the eating establishment with an exemption certificate.

Individual members of the athletic team, band, etc. may not request exemption from sales tax on the meals they purchase while on a campus authorized trip.

Teachers, coaches, sponsors, etc. may not request exemption from sales tax on individual meal purchases while on campus business even though the campus reimburses the expense. Sales tax paid in connection with the purchase of a meal by teachers, coaches, etc. will be reimbursed by the District as part of the amount paid per meal or per diem according to District guidelines.

Hotel Occupancy Tax Exemption

Educational organizations and their staff members traveling on official business for the organization are exempt from the Texas state hotel occupancy tax (check with the hotel when traveling out of State as State laws differ on

the acceptance of the tax exemption certificate). Educational organizations and their staff members are required to pay local taxes.

Individuals or groups claiming an exemption must either be staff members of the organization or must pay for the hotel with the organization's funds. A Texas Hotel Occupancy Tax Exemption Certificate should be given to the hotel in order to obtain the exemption. If the traveler fails to present the certificate to the hotel, the traveler will be held responsible for such charges, if any.

Annual Independent Audit

Section 44.008 of TEC requires that Region XIV Education Service Center have its fiscal accounts audited annually *at district expense* by a certified or public accountant (independent of the district) holding a permit from the Texas State Board of Public Accountancy (CPA). No portion of the independent audit may be paid from state or federal grant funds. The cost to conduct the annual independent audit must be paid from state or local funds.

The audit must meet at least the minimum requirements and be in the format prescribed by the SBOE and the commissioner. Audits must be conducted in accordance with generally accepted auditing standards (GAAS) and Government Auditing Standards (GAS), also referred to as the *Yellow Book*. Audit requirements are also provided in TEA's [FASRG](#), *Module 4 – Auditing*.

The itemized accounts and records of the district must be made available to audit. The independent audit must be completed following the close of each fiscal year and must be submitted to TEA within 150 calendar days of the close of the fiscal year.

During the annual independent audit, the auditor examines whether the district has complied with financial management and reporting requirements and with internal controls. The annual audit is organization-wide and includes an examination of all fund types and account groups.

The audit reports are reviewed by TEA audit staff, and TEA notifies the local board of trustees of any objections, violations of sound accounting practices or law and regulation requirements, or of any recommendations concerning the audit report that the commissioner wants to make. If the audit report reflects that penal laws have been violated, the commissioner must notify the appropriate county or district attorney and the state's attorney general.

TEA must be permitted access to all accounting records, including vouchers, receipts, fiscal and financial records, and other school records TEA considers necessary and appropriate for the review, analysis, and passing on audit reports.

Single Audit

In addition to the state-mandated annual audit, federal regulations require that grantees obtain audits in accordance with [2 CFR Part 200, Subpart F – Audit Requirements](#). (Note: The requirements in 2 CFR Part 200 apply for fiscal years that begin after December 26, 2014, (i.e., in most cases, for fiscal years that begin July 1 or September 1, 2015, and end June 30 or August 31, 2016, respectively. The requirements in OMB Circular A-133 are in effect for the fiscal years that end June 30 or August 31, 2015, respectively.) The audits must be made by an independent auditor in accordance with generally accepted government auditing standards (GAGAS). Awarding agencies, including TEA, are required to determine whether their grantees have met the audit requirements.

State agencies such as TEA are required to follow their own procedures to determine whether the District spent federal funds in accordance with applicable laws and regulations. This includes reviewing an audit to determine if the District had a single audit conducted in accordance with 2 CFR § 200.514, or through other means if there was no single audit.

TEA as a state agency must also

- ensure that the District takes appropriate corrective action within six months after receiving a report with an instance of noncompliance with federal laws and regulations.
- consider whether the audit necessitates an adjustment of TEA's own records.

Who Is Required to Have a Single Audit?

If the District expends \$750,000 or more total in federal awards (i.e., all of the expenditures added together for all of the federal grants) during the fiscal year we are required to have a Single Audit conducted *in addition to and in conjunction with* the annual independent audit.

The Single Audit must be completed in accordance with 2 CFR Part 200, Subpart F and the *Audit Compliance Supplement* (see link below), normally updated around March of each year. The *Audit Compliance Supplement* outlines specific requirements and corresponding audit procedures for each major federal program.

For federal programs *not* covered in the *Compliance Supplement*, the auditor is directed to use the *types* of compliance requirements contained in the *Supplement* as guidance for identifying compliance requirements to test, and to determine the requirements governing the federal program by reviewing the provisions of grant agreements and the laws and regulations applicable to those federal programs.

The cost to conduct the Single Audit can be prorated among the federal programs being audited in proportion to the total award amount of each program.

What Happens During a Single Audit?

During a Single Audit, the auditor examines

- the District's financial statements and schedule of expenditures of federal awards.
- compliance with laws, regulations, and the provisions of contract or grant agreements that have a direct and material effect on each of the District's federal programs.
- the effectiveness of internal control over federal programs in preventing or detecting noncompliance.

Auditors are required to classify and select federal programs for audit using a risk-based approach. Where a District receives only one federal program, the auditor may conduct a *program-specific* audit rather than a Single Audit.

Auditors use the suggested audit procedures in the *Audit Compliance Supplement* to test general compliance requirements for each federal program selected for audit during the Single Audit or program-specific audit

process. Program and fiscal managers should be aware of the requirements and what the auditor may look for so they can be properly prepared. Auditors may potentially interview program managers and fiscal managers to solicit evidence of compliance with certain requirements.

As the auditor is reviewing the compliance requirements, he or she identifies any significant deficiencies in internal control and any noncompliance with laws, regulations, or grant agreements. The auditor also identifies any known questioned costs which are greater than \$25,000. Auditors must present the findings in a written report in sufficient detail for the District to prepare a corrective action plan and take corrective action, and for TEA or other awarding agency to arrive at a management decision.

The auditor assembles the report in accordance with 2 *CFR Part 200, Subpart F* and submits the audit package to the local board of directors for approval. A copy of the full audit report, including the required annual audit, and the Single Audit or program-specific audit, is submitted to TEA as the pass-through entity. The auditor must also complete a data collection form that includes certain prescribed information about the District and the results of the audit. The District must submit the data collection form and a copy of the complete audit package to the [Federal Audit Clearinghouse](#) operated on behalf of OMB.

TEA audit staff review the audit report and issue a management decision within six months of receiving the package. The management decision (written letter) must inform the District whether or not the finding by the auditor is sustained, the reasons for the decision, and the expected action to repay disallowed costs, make financial adjustments, or take other corrective action. The District is responsible for follow-up and must prepare a corrective action plan for all audit findings, along with the anticipated completion date for each action and who is responsible.

TEA is required to follow up to ensure the District resolved the corrective actions. The audit in the subsequent year will include a follow up to ensure the District implemented the corrective actions.

TEA also uses the results of the report as a monitoring tool and may use the results to identify the District as high-risk and impose special conditions on federal awards.

Audits and Special Investigations Conducted by TEA or By Another Regulatory Agency

A review of the annual independent audit report and/or the Single Audit report may prompt TEA to schedule a subsequent desk audit or on-site audit or investigation. Additionally, TEA may schedule an audit or investigation on the basis of legitimate complaints received by TEA about the District's use of federal funds.

Federal regulations require that sub-grantees, including school districts, also cooperate with the Secretary of Education and the Comptroller General of the United States or any of their duly authorized representatives in the conduct of audits authorized by federal law. This cooperation includes access without unreasonable restrictions to records and personnel of the District for the purpose of obtaining relevant information.

The Comptroller General of the United States is the Director of the U.S. [Government Accountability Office](#) (GAO). GAO is an independent, nonpartisan agency that works with Congress. GAO ensures fiscal and managerial responsibility of the federal government by investigating how the federal government spends taxpayer dollars.

In addition, the [Office of Inspector General \(OIG\) at the USDE](#) may conduct an audit, investigation, or other activities to promote the efficiency, effectiveness, and integrity of the Department's programs and operations. Anyone knowing of fraud, waste, or abuse of federal education funds is able to contact the [OIG Hotline](#) to make a confidential report.

TEA also has a [procedure for reporting fraud, waste, or abuse of state and federal resources](#). In addition, TEA has a procedure for [filing a complaint](#) with regard to federal programs when it cannot be resolved at the local level following district policies and procedures.

Programmatic Fiscal Requirements

Supplement, Not Supplant

Most federal education grants contain the *supplement, not supplant* provision. In most cases, the expenditure of grant funds for a particular cost or activity must supplement, and not supplant, state or local funds. Therefore, supplement, not supplant is a crucial factor in determining whether a particular cost is allowable, and it must be understood by program and fiscal managers.

The intent behind supplement, not supplant, is that federal funds are not meant to substitute for state or local funds, but rather to provide for an additional layer of support for students who need extra academic assistance in order to succeed in school. Districts must demonstrate that federal funds are used to purchase additional academic and support services, staff, programs, or materials the state or district would not normally provide.

The supplement, not supplant provision means, in general, that

- Federal funds may not be used to replace activities normally funded from state or local funds.
- State and local funds may not be diverted for other purposes due to the availability of federal funds.
- Federal funds may not be used to support activities that are required by state law, State Board of Education or Commissioner's rule, or local policy.
- All students must receive the same level and quality of services from State and local resources. In other words, State and local sources *cannot* be used to provide services to only *some* of the students, while Federal funds are used to provide services to the *remaining* students. (School wide programs may be an exception.)
- Federal funds must be used to *supplement* activities already being provided by the District, meaning they must be used to *expand, enhance, or improve* existing services and activities or to create something *new*.

Rebutting the Presumption of Supplanting

Violations for supplanting with federal funds can be quite severe. If a grantee is determined to be supplanting with the entire program, the penalty could be as great as repaying 100% of the funds expended. Federal regulations require that a grantee repay funds in proportion to the harm to the federal government.

Districts may be able to rebut the presumption of supplanting by an auditor or monitor. To determine compliance with the supplement, not supplant requirement, the District must determine what services would have been provided to students in the absence of federal funds. Generally, in a situation where the District used Title 1 funds, for example, to provide services that it provided with non-Federal funds in the prior year(s), an auditor or monitor will presume supplanting occurred.

The USDE provides excellent guidance on supplement, not supplant with regard to Title I, Part A in their [*Non-Regulatory Guidance on Title I Fiscal Issues, Revised February 2008*](#). In addition, TEA's [*Supplement, Not Supplant Handbook*](#) (under *Handbooks*) discusses supplement, not supplant as it applies to NCLB programs and other programs, including IDEA-B and Perkins. Both documents contain excellent information and examples as it pertains to rebutting the presumption of supplanting.

In any case, due to different experiences and knowledge level of independent auditors and federal oversight personnel, the independent auditor or federal oversight agency may *still* consider it supplanting.

Supplement, Not Supplant on School wide Programs

The fiscal requirements for supplement, not supplant are slightly different for Title I school wide programs than for Title I Targeted Assistance schools. In a Title I Targeted Assistance school, the District must identify low-achieving students and provide additional, supplemental services only to those identified students. In no case can federal funds replace state and local funds

Unlike a Targeted Assistance program, however, a *school wide* program is *not* required to select and provide supplemental services to specific children identified as in need of services. A school operating a school wide program does not have to

- show that Federal funds used with the school are paying for additional services that would not otherwise be provided
- demonstrate that Federal funds are used only for specific target populations
- separately track Federal program funds once they reach the school

A school wide program school, however, must use Title I funds only to supplement the amount of funds that would, in the absence of the Title I funds, be made available from non-Federal sources for that school, including funds needed to provide services that are required by law for children with disabilities and children with limited English proficiency. In other words, the same *amount* of state and local resources must still be spent on the school in order to conduct the regular academic program, and the amount of Title I funds must supplement, or be in addition to, the amount of state and local funds normally provided to that school [*Title I, Part A, Section 1114(a)(2)*].

The USDE provides helpful [non-regulatory guidance on supplement, not supplant](#) with regard to both Targeted Assistance schools and school wide programs. TEA also provides excellent guidance related to NCLB and other programs in a [*Supplement, Not Supplant Handbook: A Guide for Grants Administered by the Texas Education Agency*](#).

Again, it is important that District personnel involved in federal programs understand supplement, not supplant. School districts are frequently cited for a supplant violation. On the surface, a particular cost may seem allowable in that it is reasonable, allowable under the federal cost principles, allocable, and appropriate under a federal program such as Title I, Part A. However, if the cost is not supplemental, all of the other factors do not counteract. All costs associated with a supplant violation would be required to be repaid to TEA or other federal awarding agency.

How to Document Compliance for an Auditor

Any determination about supplanting is specific to the individual situation, and general guidelines cannot be provided to meet the particular details of any situation. Examples of the types of documentation auditors may request from the District to demonstrate that the expenditure is supplemental to other federal and/or non-federal programs include the following:

- Fiscal or programmatic documentation to confirm that, in the absence of federal funds, the District would have eliminated staff or other services in question.
- Board minutes/agendas with discussion of elimination of staff due to lack of state funds.
- State or local legislative actions.
- Itemized budget histories from one year to the next and information.
- Planning documents.
- Actual reduction in state or local funds.
- Decision to eliminate position or services was made without regard to the availability of federal funds, including the reason the decision was made.
- Class-size data from previous years and upcoming year.
- Specific policies and procedures related to supplement, not supplant requirements.

Programmatic Requirements

Private Nonprofit School Participation

If the authorizing federal program statute provides for private nonprofit school participation, the District must comply with certain requirements. Before completing and submitting the application, the District must contact the private nonprofit schools located within the District's boundaries, notifying them of the opportunity to participate in the program. The *Private Nonprofit School Participation* schedule in the applicable federal grant application must be completed and submitted with the application.

Generally, in accordance with the specific program statute, private nonprofit schools must be consulted in the planning and development of the project. Both children and teachers from private nonprofit schools must be assured equitable participation in all services, materials, equipment, and teacher training.

Prior to completing any federal grant application, the District ensures that private nonprofit schools have been consulted in accordance with the provisions of the statute and in accordance with the guidelines specified in TEA's [General, Provisions, and Assurances](#). The program manager/director assigned to the federal program is responsible for ensuring that all requirements with regard to the participation of private nonprofit schools are carried out.

Equitable Access and Participation

Provisions for equitable access and participation apply to all federally funded grants administered by the US Department of Education. As such, *Equitable Access and Participation* is a required schedule in the application for any federally funded grant. The application will not be approved in the absence of this schedule.

In accordance with the General Education Provisions Act (GEPA), Section 427, applicants must develop and describe the procedures they will use to ensure equitable access to and equitable participation in the grant program. The barriers to such participation should be identified for all participants and potential participants during the needs assessment phase of the program planning and development.

All applicants, including the District, must address the special needs of students, teachers, and other program beneficiaries to overcome barriers to equitable participation, including those based on gender, race, color, national origin, disability, and age.

The District complies with the requirements for completing the *Equitable Access and Participation* schedule in each federally funded grant application.

Civil Rights and Prohibition of Discrimination

Several federal civil rights laws prohibit discrimination in programs or activities that receive federal funds from the USDE. These laws prohibit discrimination on the basis of race, color, and national origin; sex; disability; and age. The civil rights laws extend to all state educational agencies, elementary and secondary school systems, colleges and universities, vocational schools, proprietary schools, state vocational rehabilitation agencies, libraries, and museums that receive USDE funds.

The four primary civil rights laws are as follows:

Subject	Statute	Regulation
Discrimination on the basis of race, color, or national origin	Title VI of the Civil Rights Act of 1964 (45 USC §§ 2000d-2000d-4)	34 CFR Part 100
Discrimination on the basis of sex	Title IX of the Education Amendments of 1972 (20 USC §§ 1681-1683)	34 CFR Part 106
Discrimination on the basis of handicap	Section 504 of the Rehabilitation Act of 1973 (29 USC § 794)	34 CFR Part 104
Discrimination on the basis of age	The Age Discrimination Act (42 USC §§ 6101 et seq.)	34 CFR Part 110

The District must comply with the provisions pertaining to all four of these civil rights statutes and their implementing regulations to be eligible to receive any federal education funds. GEPA requires the Secretary of Education to reduce an allotment to a state for any Districts not in compliance with any of these four civil rights laws. [Title 20 USC, Chapter 31 – General Provisions Concerning Education](#), § 1231e

Other federal laws that prohibit discrimination include [Title II of the Americans with Disabilities Act](#) (ADA) of 1990, which prohibits discrimination on the basis of disability by public entities, whether or not they receive federal funding. The [Boy Scouts of America Equal Access Act](#) amends the Elementary and Secondary Education

Act (ESEA) of 1965 in the No Child Left Behind Act (NCLB) of 2001, § 9525. This Act prevents public schools from discriminating against patriotic youth societies, including Boy Scouts of America, by insuring equal access to meet on school premises and in school facilities.

Each civil rights law is discussed in more detail below. These laws require that all recipients of federal funds ensure their educational programs are administered in a manner that prohibits discrimination in the participation of federal programs. The [USDE Office for Civil Rights](#) (OCR) enforces these laws and their implementing regulations.

Prohibition of Discrimination on the Basis of Race, Color, or National Origin

[Title VI of the Civil Rights Act of 1964](#) prohibits discrimination in the participation of federal programs on the basis of *race, color, or national origin*. No person shall be excluded from participation in, be denied the benefits of, or be subjected to any form of discrimination in, any federal program on the basis of race, color, or national origin.

Specific discriminatory actions that are prohibited include

- denying an individual any service or other benefit provided under the program.
- providing any service or other benefit to an individual which is different, or is provided in a different manner, from that provided to others under the program.
- subjecting an individual to segregation or separate treatment in any matter related to his or her receipt of any service or other benefit under the program.
- restricting an individual in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any service or other benefit under the program.
- treating an individual differently from others in determining whether he or she satisfies any admission, enrollment, quota, eligibility, membership or other requirement or condition which individuals must meet in order to be provided any service or other benefit provided under the program.
- denying an individual an opportunity to participate in the program through the provision of services or otherwise or afford him or her an opportunity to do so which is different from that afforded others under the program.
- denying a person, the opportunity to participate as a member of a planning or advisory body which is an integral part of the program.

Every federal grant application includes an assurance that the District complies with these provisions. The assurance is included in the TEA [General Provisions and Assurances](#).

The District may be required to submit to the USDE OCR records that demonstrate compliance with the provisions. The District must also permit on-site access to records by USDE OCR staff to verify compliance.

Any person who believes to have been the subject of discrimination may file a written complaint with the USDE OCR not later than 180 days following the alleged discrimination. OCR staff will promptly investigate the complaint and attempt to resolve it informally. If the complaint cannot be resolved informally, the USDE has the right to suspend or terminate federal funding for the program affected. The USDE must provide an opportunity for a hearing prior to suspension or termination of the program.

The regulations that implement Title VI of the Civil Rights Act for educational institutions are in [34 CFR Part 100](#), [34 CFR §§ 75.500 and 76.500](#) and [Title VI of the Civil Rights Act of 1964](#)

The Superintendent is responsible for coordinating and ensuring compliance with this Act.

Prohibition of Discrimination on the Basis of Sex

[Title IX of the Education Amendments of 1972](#) prohibits discrimination on the basis of *sex* in any federal program. No person shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any academic, extracurricular, research, occupational training, or other education program or activity.

The regulations in [34 CFR Part 106](#) implement the provisions of Title IX. These regulations require that

- the District designate at least one employee to coordinate its efforts to comply with and carry out its responsibilities under Title IX, including investigating any complaint communicated to the District alleging its noncompliance with Title IX. The District must notify all its students and employees of the name, office address, and telephone number of the employee or employees appointed to carry out the requirements of Title IX.
- the District adopt and publish grievance procedures providing for prompt and equitable resolution of student and employee complaints alleging any action which would be prohibited by Title IX.
- the District implement specific and continuing steps to notify students, parents and employees that it does not discriminate on the basis of sex in the educational programs or activities which it operates, and that it is required by Title IX and 34 CFR Part 106 not to discriminate in such a manner. The District must publish in any document used to recruit students or employees the policy that states that the District does not discriminate on the basis of sex.

There are certain exceptions, such as allowing boys and girls to be separated in physical contact activities, such as football, basketball, etc.

The District must not discriminate on the basis of a student's pregnancy. The District must also not discriminate on the basis of sex in the employment of personnel, compensation, fringe benefits, or work assignments under any federal programs.

Every federal application includes an assurance that the District complies with these provisions. The assurance is included in the TEA [General Provisions and Assurances](#), [Title IX of the Education Amendments of 1972](#); [34 CFR Part 106](#); and [34 CFR §§ 75.500 and 76.500](#)

The Superintendent is responsible for coordinating and ensuring compliance with this Act.

Prohibition of Discrimination on the Basis of Age

The [Age Discrimination Act of 1975](#) prohibits discrimination based on *age* in programs or activities that receive federal financial assistance. The regulations in [34 CFR Part 110](#) implement the *Age Discrimination Act* and describe conduct that violates the Act.

No person in the United States shall, on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance. The District may not, in any program or activity receiving federal financial assistance, directly or through contractual, licensing, or other arrangements, use age distinctions or take any other actions that have the effect, on the basis of age, of

- (1) excluding individuals from, denying them the benefits of, or subjecting them to discrimination under a program or activity receiving federal financial assistance
- (2) denying or limiting individuals in their opportunity to participate in any program or activity receiving Federal financial assistance

These regulations do not apply to

- (1) an age distinction contained in that part of a federal, state, or local statute or ordinance adopted by an elected, general purpose legislative body that
 - (i) provides any benefits or assistance to persons based on age.
 - (ii) establishes criteria for participation in age-related terms.
 - (iii) describes intended beneficiaries or target groups in age-related terms.
- (2) any employment practice of any employer, employment agency, labor organization, or any labor-management joint apprenticeship training program, except any program or activity receiving federal financial assistance for employment under the Job Training Partnership Act (29 U.S.C. 1501 *et seq.*).

The regulations do not apply where age is a factor in conducting normal operations of the District. For example, where the District is operating a program or activity that provides special benefits to children, the use of age distinctions is presumed to be necessary to the normal operation of the program or activity.

Age discrimination in *employment* is covered under the [Age Discrimination in Employment Act](#). Complaints of employment discrimination based on age may be filed with the U.S. [Equal Employment Opportunity Commission](#).

The District must take steps to comply and maintain records demonstrating compliance. The District may be required to submit to the USDE OCR records that demonstrate compliance with the provisions and must also permit on-site access to records by USDE OCR staff to verify compliance. The District must

- Designate at least one employee to coordinate its efforts to comply with and carry out its responsibilities under the *Age Discrimination Act*, including investigating any complaint communicated to the recipient alleging its noncompliance with the Act. The District must notify all its students of the name, office address, and telephone number of the employee or employees appointed to carry out the requirements of the Act.
- Adopt and publish grievance procedures providing for prompt and equitable resolution of student complaints alleging any action which would be prohibited by the Age Discrimination Act.

The USDE may conduct compliance reviews, pre-award reviews, and other similar procedures to investigate and correct violations of the Act and of the regulations, even in the absence of a complaint against the District. The review may be as comprehensive as necessary to determine whether a violation of the regulations occurred.

If a compliance review or pre-award review indicates a violation of the Act or of the regulations, the USDE attempts to achieve voluntary compliance with the Act. If voluntary compliance cannot be achieved, the USDE arranges for enforcement.

Any person who believes to have been the subject of age discrimination may file a written complaint with the USDE OCR not later than 180 days following the alleged discrimination. OCR staff is required to promptly refer the complaint for mediation. If the complaint cannot be resolved through mediation, the USDE will conduct an investigation and attempt to achieve voluntary compliance by the District. If the District does not comply, the USDE has the right to suspend or terminate federal funding for the program affected. The USDE must provide an opportunity for a hearing prior to suspension or termination of the program.

The Act prohibits retaliation for filing a complaint with OCR or for advocating for a right protected by the Act.

An assurance that the District complies with these provisions is included in the TEA [General Provisions and Assurances](#), [Age Discrimination Act of 1975](#); [34 CFR Part 110](#); and [34 CFR §§ 75.500 and 76.500](#)

The Superintendent is responsible for coordinating and ensuring compliance with this Act.

Prohibition of Discrimination on the Basis of Disability

In addition to the [Individuals with Disabilities in Education Act](#) (IDEA), there are two other laws pertaining to non-discrimination on the basis of disability:

- [Section 504 of the Rehabilitation Act of 1973](#), which prohibits discrimination on the basis of disability in programs or activities that receive federal financial assistance from the USDE

- [Title II of the Americans with Disabilities Act](#) (ADA) of 1990, which prohibits discrimination on the basis of disability by state and local governments, including school districts, regardless of whether they receive any federal financial assistance

Section 504 of the *Rehabilitation Act of 1973*, effective May 1977, is widely recognized as the first civil-rights statute for persons with disabilities. Because it was successfully implemented over the next several years, it helped to pave the way for the 1990 [Americans with Disabilities Act](#). The *Americans with Disabilities Act Amendments Act of 2008* (Amendments Act), effective January 1, 2009, amended the *Americans with Disabilities Act of 1990* (ADA) and included a conforming amendment to the *Rehabilitation Act of 1973* (Rehabilitation Act) that affects the meaning of *disability* in Section 504.

Section 504 and Title II of ADA are both unfunded mandates with which all school districts [as well as ESCs and open-enrollment charter schools] must comply. **It is important to recognize that while a specific child enrolled in the District may not be eligible for services under IDEA, the child *may* be eligible for protection under Section 504.** Failure to comply with Section 504 could result in costly hearings and potential lawsuits.

Section 504

Section 504 states that no otherwise qualified individual with a disability in the United States shall, solely by reason of her or his disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

Section 504 defines *individuals with disabilities* as “persons with a *physical or mental impairment* which substantially limits one or more *major life activities*.” However, a student protected under Section 504 may also have a *record* of such an impairment or be *regarded* as having such an impairment.

Physical or mental impairment means, including but not limited to, functions of the immune system, normal cell growth, digestive, bowel, bladder, neurological, brain, respiratory, circulatory, endocrine, and reproductive functions. It includes any physiological disorder or condition, cosmetic disfigurement, or anatomical loss affecting one or more body systems, as well as any mental or psychological disorder.

Major life activities were expanded in the Amendments Act and now include

- | | |
|---------------------------|-----------------|
| • caring for oneself | • bending |
| • performing manual tasks | • speaking |
| • seeing | • breathing |
| • hearing | • learning |
| • eating | • reading |
| • sleeping | • concentrating |
| • walking | • thinking |
| • standing | • communicating |
| • lifting | • working |

The regulations implementing Section 504 in the context of educational institutions appear at [34 CFR Part 104](#). These regulations require a school district to provide a "free appropriate public education" (FAPE) to each qualified student with a disability who is in the school district's jurisdiction, regardless of the nature or severity of the disability. Under Section 504, FAPE consists of the provision of regular or special education and related aids and services designed to meet the student's individual educational needs as adequately as the needs of nondisabled students are met.

Determining whether a child is a *qualified disabled student* under Section 504 begins with the evaluation process. Section 504 requires the use of evaluation procedures that ensure that children are not misclassified, unnecessarily labeled as having a disability, or incorrectly placed, based on inappropriate selection, administration, or interpretation of evaluation materials.

School districts must establish standards and procedures for initial evaluations and periodic re-evaluations of students who need or are believed to need special education and/or related services because of disability. The Section 504 regulations require districts to individually evaluate a student before classifying the student as having a disability or providing the student with special education. In addition, evaluation and the provision of appropriate accommodations are required regardless of any methods the student might be using to mitigate the impairment.

Costs related to provisions under Section 504 must come from state or local funds. Such expenditure must not be paid from federal grant funds.

Title II of ADA

[Title II of the Americans with Disabilities Act of 1990](#) extends this prohibition against discrimination to the full range of state and local government (including public schools) services, programs, and activities *regardless of whether they receive any federal financial assistance*.

However, "for purposes of employment", *Qualified Individuals with Disabilities* must also meet "normal and essential eligibility requirements", such that:

"*Qualified Individuals with Disabilities* are persons who, with *Reasonable Accommodation*, can perform the essential functions of the job for which they have applied or have been hired to perform."

"*Reasonable Accommodation* means an employer is required to take reasonable steps to accommodate [one's] disability unless it would cause the employer undue hardship."

That is, *Qualified Individuals with Disabilities* must be able to perform the job duties (with reasonable accommodation) associated with the job for which they will be hired.

Enforcement of Section 504 and Title II of ADA

The USDE OCR enforces the provisions of *Section 504* and the provisions of *Title II of ADA* as it applies to LEAs. An assurance that the grantee complies with these provisions is included in the TEA [General Provisions and Assurances](#).

Although the implementing regulations for *Title II of ADA* in *28 CFR Part 35* are enforced by the U. S. Department of Justice (DOJ), the USDE Office of Civil Rights is designated by DOJ to resolve complaints filed against SEAs and LEAs.

The Superintendent coordinates and ensures compliance with the requirements under Section 504. The Superintendent coordinates and ensures compliance with the requirements of Title II of ADA.

[Section 504 of the Rehabilitation Act of 1973](#); [34 CFR Part 104](#); *34 CFR §§ 75.500 and 76.500*; [Title II of the Americans with Disabilities Act of 1990](#); [Americans with Disabilities Act Amendments Act of 2008](#); and [28 CFR Part 35](#)

Prohibition of Discrimination of Groups Affiliated with Boy Scouts of America

Under this Act, Districts that sponsor any group affiliated with Boy Scouts of America or any other patriotic youth society must not discriminate against such youth or deny equal access to, or fair opportunity to meet in, school facilities or on school premises. Patriotic youth societies include, among others, Big Brothers Big Sisters, Boys and Girls Clubs of America, Girl Scouts of the U.S.A., and Little League Baseball, Inc. This does not require that the District *sponsor* a group affiliated with Boy Scouts of America or similar patriotic youth society.

The U.S. Supreme Court has ruled that the Boy Scouts have the right to set their own standards for leadership. Schools must respect that right and not exclude the Boy Scouts because of its membership and leadership policies and oath of allegiance to God and country.

[34 CFR Part 108](#) implements the provisions of the Act. The District shall not deny access or opportunity or discriminate for reasons including the membership or leadership criteria or oath of allegiance to God and country of the Boy Scouts or of a similar patriotic youth society.

Any group officially affiliated with the Boy Scouts or officially affiliated with any other patriotic youth society that requests to conduct a meeting in the District's facilities or on school grounds must be given equal access to school premises or facilities to conduct meetings. Such groups must also be given equal access to any other benefits and services provided to other groups that are allowed to meet on school premises or in school facilities. These benefits and services may include, but are not necessarily limited to, school-related means of communication, such as bulletin board notices and literature distribution, and recruitment.

Any decisions relevant to the provision of equal access must be made on a nondiscriminatory basis. Any determinations of which youth or community groups are *outside groups* must be made using objective, nondiscriminatory criteria, and these criteria must be used in a consistent, equal, and nondiscriminatory manner.

The USDE OCR enforces the requirements of the Act.

ESEA, as Amended by the No Child Left Behind Act of 2001, § 9525, Equal Access to Public School Facilities; Boy Scouts of America Equal Access Act; and [34 CFR Part 108](#)

School Prayer

A related provision applies to constitutionally protected prayer in public schools. As a condition of receiving ESSA funds, the District must certify in writing that no policy of the District prevents, or otherwise denies participation in, constitutionally protected prayer in public elementary and secondary schools. Per statute, the certification must be provided to TEA by October 1 of each year. However, TEA includes the certification in the federal ESSA Consolidated Application each year in the [Provisions and Assurances](#), Section N, thus eliminating the need for LEAs to submit a separate certification.

The provision also requires the Secretary to provide guidance to Districts and to publish the guidance on the Internet. A link to the guidance is provided below. *ESEA, as Amended by the No Child Left Behind Act of 2001, § 9524*

[USDE Guidance on Constitutionally Protected Prayer in Public Schools](#)

The Superintendent coordinates and ensures compliance with the requirements of this Act.

Program Reporting

Federal regulations require that grantees cooperate in any evaluation of the program. 34 CFR § 76.591. States may require sub-grantees to furnish reports that the state needs to carry out its evaluation and performance reporting duties. 34 CFR § 76.722. Evaluation reports must include

- the District's progress in achieving the objectives in its approved application.
- the effectiveness of the project in meeting the purposes of the program.
- the effect of the project on participants being served by the project.

Federal regulations also require that grantees, in this case, TEA, submit, at a minimum, annual performance reports to the federal awarding agency. 2 CFR § 200.328. The federal awarding agency may also require quarterly or semi-annual reports. Performance reports must contain, for each grant, brief information on the following:

- a comparison of actual accomplishments to the objectives established for the project period.
- the reasons why established objectives were not met, if applicable.
- additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

Grantees must adhere to the same standards in prescribing performance reporting requirements for sub-grantees.

In addition, events may occur between the scheduled performance reporting dates which have significant impact upon the grant activities. 2 CFR § 200.328(d). In such cases, the regulations require the District to inform TEA, and TEA to inform the USDE or other federal awarding agency, if appropriate, as soon as either of the following conditions become known:

- problems, delays, or adverse conditions which will materially impair the ability to meet the objective of the award. This disclosure must include a statement of the action taken, or contemplated, and any assistance needed to resolve the situation.
- favorable developments which enable meeting time schedules and objectives sooner or at less cost than anticipated or producing more beneficial results than originally planned.

The USDE or TEA may make site visits as warranted by program needs. Program reporting requirements are specified in the *Program Guidelines* accompanying each RFA published by TEA. The program manager/director assigned to the program is responsible for ensuring mechanisms and systems are in place or collecting and analyzing any and all required data and/or information and for reporting such data and/or information in accordance with TEA's requirements.

Legal Authorities and Helpful Resources

The following documents contain relevant grants management requirements. Staff should be familiar with these materials and consult them when making decisions related to the federal grant.

- Education Department General Administrative Regulations (EDGAR)
 - <http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>
- [Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards \(2 CFR Part 200\)](#)
 - <http://www.ecfr.gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&node=pt2.1.200&rgn=div5>
- [USDE's Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards \(2 CFR Part 3474\)](#)
 - http://www.ecfr.gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&tpl=/ecfrbrowse/Title02/2cfr3474_main_02.tpl
- Federal education program statutes, regulations, and guidance
 - <http://www.ed.gov/>

Record Retention

The District uses the retention schedules provided by the Texas State Library and Archives Commission.

- 1.0 Schedules used are SD-Retention Schedule for Records of Public School Districts and GR-Retention Schedule for Records Common to All Local Governments.
- 2.0 Records are stored electronically and/or in hard copy format.
- 3.0 Records are stored in various places within the District.
 - 3.1 Records are stored in, but not limited to, Campus Principal's offices, Superintendent's office, District Storage (old wing at EL campus and side closet in dressing room at HS campus).
- 4.0 Records are retained according to the SD and/or GR, mostly for 5 or 7 years.

- 5.0 Records with vital information are disposed of by shredding. Records with non-vital information are thrown in the trash.
- 6.0 Hard copy records are stored in areas with locking doors.
- 7.0 A disposition log is maintained when records are destroyed.

Appendix A - Investment Strategy Plan

Albany Independent School District

INVESTMENT STRATEGY OBJECTIVES

Each authorized investment of investment strategy considered for investment of Albany ISD must be evaluated under the following priorities in order of importance:

1. Understanding of the suitability to the investment to the financial requirements of the ISD;
2. Preservation and safety of principal;
3. Liquidity;
4. Marketability of the investment if the investment needs to be liquidated before maturity;
5. Diversification of the investment portfolio; and
6. Yield.

PERMITTED INVESTMENT TYPES / APPROVED INSTRUMENTS

The Albany ISD Board shall permit investments of funds only in the types/instruments in accordance with Board Policy CDA (Legal and Local).

Investment strategies for Albany ISD funds shall have as their primary objectives safety, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements.

PROCEDURES TO BE FOLLOWED FOR INVESTMENT OF FUNDS

The Albany ISD investment strategy will follow all procedures contained in Board Policy CDA (Legal and Local).

ANNUAL REVIEW OF THE INVESTMENT POLICY AND THE INVESTMENT STRATEGY

The investment policy and the investment strategy shall be reviewed not less than annually.

The Board shall cause to be recorded in the board minutes that it has reviewed the investment policy and the investment strategy.

QUARTERLY REPORTING OF INVESTMENTS

Not less than quarterly, the investment officer shall prepare, or cause to be prepared, and submit to the Board a written report of Investment transactions for all funds for the preceding reporting period. The report must:

1. Contain a detailed description of the investment position of the ISD on the date of the report.
2. Be prepared jointly and signed by all ISD investment officers.
3. Include a statement of beginning market value for the period; additions and changes to the market value during the period; ending market value for the period; and fully accrued interest for the reporting period.
4. State the book value and market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested.
5. State the maturity date of each separately invested asset that has maturity date.
6. State the account or fund or pooled group fund in the ISD for which any new investment was acquired.

7. State the compliance of the investment portfolio of Albany ISD as it relates to the investment strategy expressed in the investment policy and investment plan.

INTERNAL CONTROLS AND SAFEKEEPING AND CUSTODY

A system in internal controls shall be established and documented in writing and must include specific procedures designating who has authority to withdraw funds. Also, they shall be designed to protect against losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of Albany ISD. Controls include:

1. Separation of transaction authority from accounting and record keeping and electronic transfer of funds.
2. Avoidance of collusion.
3. Custodial safekeeping.
4. Clear delegation of authority.
5. Written confirmation of telephone/online transactions.
6. Documentation of dealer questionnaires, quotations and bids, evaluations, transactions and rationale.
7. Avoidance of bearer - form securities.

These controls shall be reviewed annually by the independent auditing firm of Albany ISD.

CASH FLOW FORECASTING TO DETERMINE FUNDS AVAILABLE FOR INVESTMENT

Annual activities create a pattern by which cash balances and conditions for investing may be predicted. Albany ISD receives its revenue from local, state and federal sources. The timing of incoming revenue from these sources will be taken into consideration to match the timing of outgoing expenditures, mainly payroll and accounts payables, when investing excess cash balances.

CURRENT FUND BALANCE

Current audited fund balance for the General Fund as of August 31, 2020 is \$3,444,764.

This is reflected by the following designations:

Nonspendable Fund Balance:	
3430 Prepaid Items	\$ 13,316
Committed Fund Balance:	
3510 Construction	\$1,249,393
Unassigned Fund Balance:	
3600 Unassigned/Unreserved	\$2,182,055
Grand Total Fund Balance	\$ 3,444,764

CURRENT INVESTMENTS

As of August 31, 2020 Albany ISD had a combined cash balance of \$526,122.81. In addition, Albany ISD had \$3,025,000 invested in Certificates of Deposit.

INVESTMENT STRATEGY

Albany ISD will continue to maintain funds with the current depository bank, First National Bank-Albany/Breckenridge, in the form of interest bearing accounts and Certificates of Deposits. The depository bank will continue to secure all funds through pledged securities.

Appendix B - Forms

Forms can be found either electronically on the District website or contact the business office for a hardcopy.

Topic	Form
Budget Amendments	Budget Amendment Summary
Cash Receipts	Cash Receipt Form
Conflict of Interest	Conflict of Interest
Disposal of Surplus Property	School Property Disposition
Donation Acknowledge/Acceptance	Donation Acceptance, Superintendent approval
Donation Acknowledge/Acceptance	Donation Acceptance, Board approval
Employee Leave	Absence from Duty Request/Report
Employee Travel Advance/Reimbursement	Request Form-Travel pre-acquisition
Employee Travel Advance/Reimbursement	Travel Advance & Reconciliation
Establishing a New Employee	Personnel Action Notice
Outside Consultant Contracts	Anti-Virus Agreement
Payment Authorization	Payment Authorization Form
Payroll ACH	Direct Deposit Authorization
Proprietary Purchases	Proprietary Purchase Justification
Sole Source Purchase	Confirmation of Sole Source Compliance by Vendor
Standards for Documentation-Personnel Expense	Semi Annual Certification
Standards for Documentation-Personnel Expense	Time and Effort
Vendors	Vendor Certification for Federal Procurement (EDGAR)
Vendors	Vendor Performance List
Vendors	Vendor Performance Report