Student Alternatives Program, Inc.

Triumph Public High Schools

Charter High School

Division

State and Federal Grant (EDGAR) Manual

Revised 7.01.2025

Introduction

This manual sets forth the policies and procedures used by Triumph Public High Schools (referred to as the "TPHS" throughout this manual) to administer Federal education awards. The manual contains the internal controls and grant management standards used by the LEA to ensure that all Federal funds are lawfully expended. The template includes financial management standards, cash management, determination of allowable use of funds, time and effort, procurement, property management protocols, travel reimbursement, and record retention as required under the Uniform Guidance 2 CFR Part 200. Specifically, it contains the internal controls and grant management standards non-Federal entities (LEAs) must use to ensure that all Federal education funds are lawfully expended.

This manual may be limited to procedures related to grant management of Federal education awards, and incorporates other policies and procedures into other fiscal policies and procedures manuals, as applicable.

This EDGAR manual incorporates guidance from TEA and includes the new and revised Federal requirements based on the November 12, 2020 revisions to the Uniform Guidance 2 CFR Part 200.

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

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

The LEA's Administrative staff provide training to their respective staff and other staff, as appropriate, regarding the grant management duties and responsibilities for each staff member.

The LEA will review the manual and update as needed, and notate the effective date of the manual. The LEA will keep previous versions of the manual available as required record retention law so that it ensures the applicable policies and procedures are available for audit purposes. The manual copy will be kept in the Finance Office.

Organizational History

On September 11, 1998, the Student Alternatives Program, Inc. [SAPI], under Section 12.1011(a)(1) of the Texas Education Code was awarded four charters. The effective date on the Texas Education Agency contract for the Mid-Valley is October 30, 1998. The effective dates on the contract for the remaining open-enrollment charter schools were November 12, 1998. All these schools opened their doors on Monday, January 11, 1999.

Re-named its Charters (LEA) as approved by the Commissioner listed below.

CDN: 240-801 Triumph Public High Schools – Central Texas

CDN: 108-804 Triumph Public High Schools - Rio Grande Valley

CDN: 071-803 Triumph Public High Schools – West Texas

CDN: 152-803 Triumph Public High Schools - Lubbock

VISION

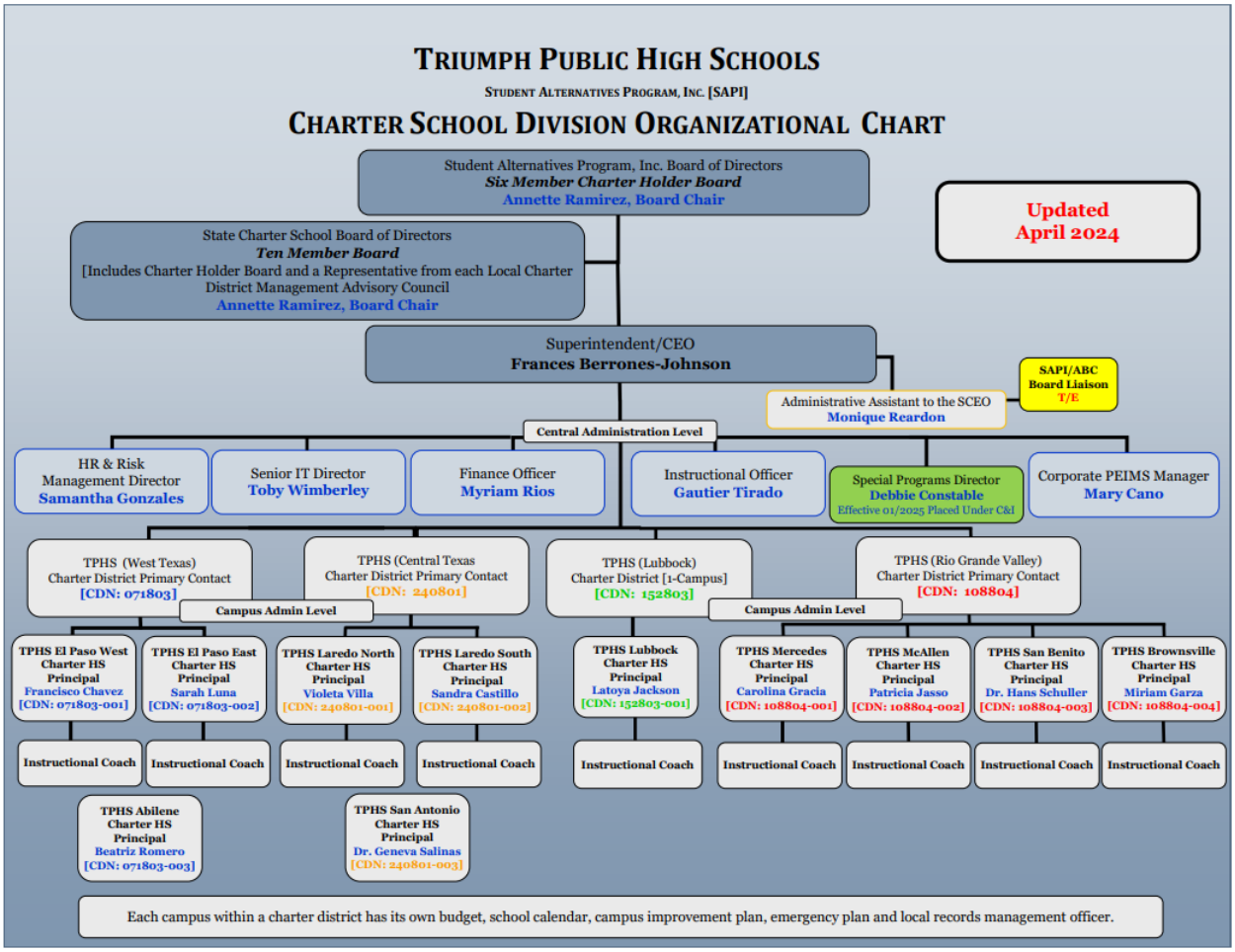
The vision of Triumph Public High Schools is to guide all students to be successful, life-long learners, be respectful and responsible citizens who will continue to triumph throughout their lives.

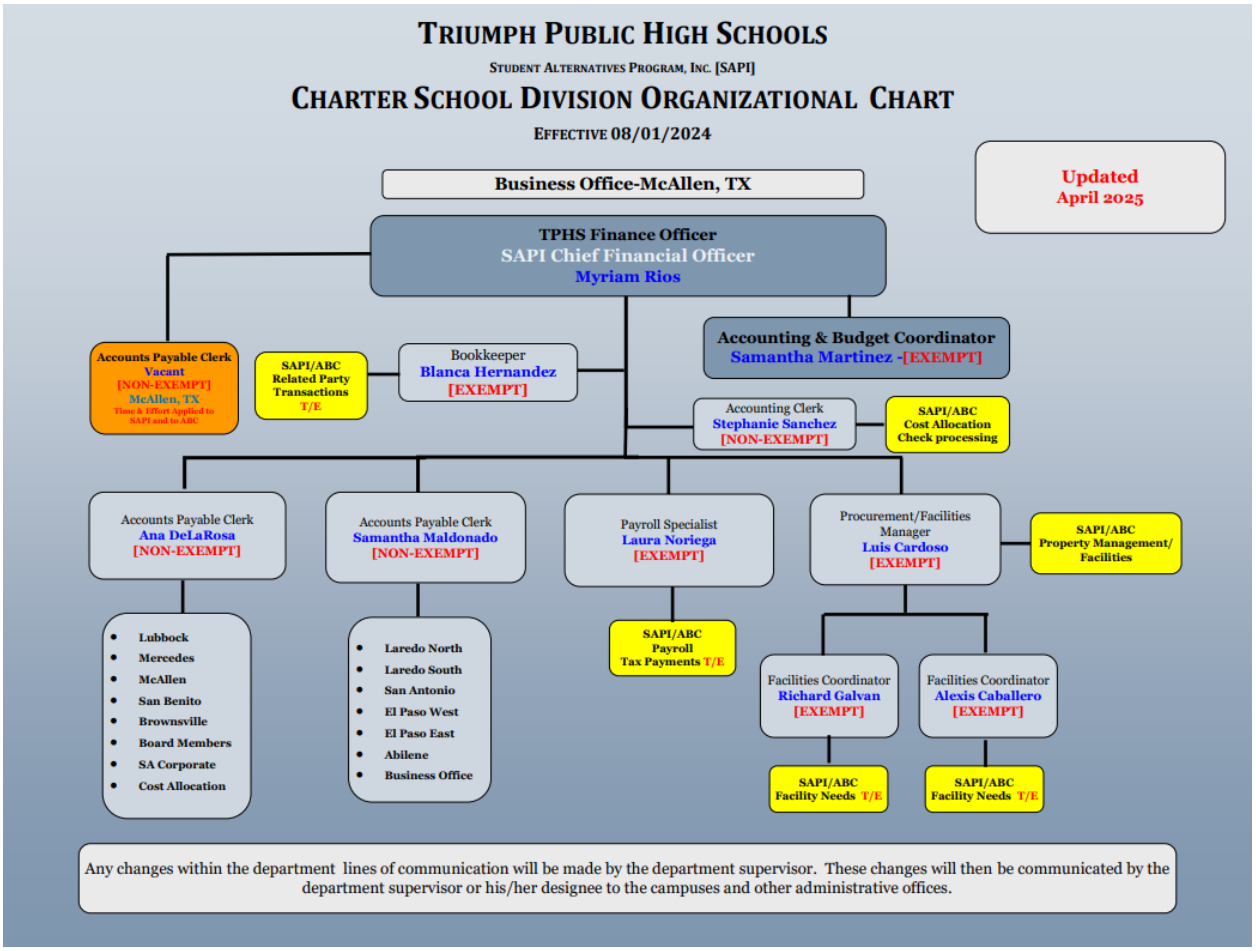
MISSION

The mission of Triumph Public High Schools is to provide quality educational programs in a community-based, non-traditional setting in which teachers are free to be creative and innovative, and student are free to explore their full potential.

When you start here, you triumph here!

Organizational Structure

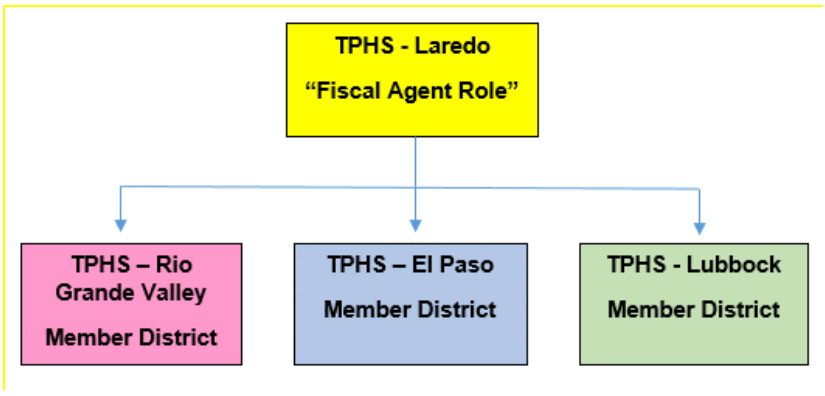




Board Resolution: Shared Service Agreement

Student Alternatives Programs, Inc. Central Office Shared Services Agreement

Triumph Public High Schools: Fiscal Agent – TPHS Laredo



General Information (excerpt from agreement):

WHEREAS, the Student Alternatives Programs, lnc. ("SAPI"), as the charter holder, maintains a central office for the general administration and oversight of its charters: Gateway Academy Charter District (CDN 240-80 I) ("GW A"), MidValley Academy Charter District (CDN 108-804) ("MVA"), Paso Del Norte Academy Charter District (CDN 071-803) ("PDNA"), and South Plains Academy Charter District (CON 152-803) ("SPA"); and

WHEREAS, SAPI has analyzed current costs and efficiencies of the central administrative office to determine that its charters would administratively and economically benefit were the central administrative office to operate under one of the charters as the fiscal agent for administrative services; and

WHEREAS, the interest of the students of each charter would best be served by such an arrangement; and

WHEREAS, SAPI and its charters agree to recognize GWA as the " Fiscal Agent" of the Shared Services Arrangement ("SSA"); and

WHEREAS, SAP! and its charters agree to recognize "MVA", " PDNA" and "SPA" as "Member Districts"; and

NOW, THEREFORE, effective beginning with the 2015-16 school year, SAPI and its charters do hereby resolve and agree to operate the central administrative office under the Fiscal Agent in accordance with the shared services agreement ("Agreement ") set forth herein as authorized by Section 100.1011(24) of Title 19 of the Texas Administrative Code.

I. Fiscal Agent.

1. GWA shall serve as the Fiscal Agent for the Cooperative (" Fiscal Agent").

2. The Fiscal Agent has the following responsibilities:

   (a) The Fiscal Agent shall ensure the Cooperative and Member Districts are adequately staffed to meet Cooperative and Member District responsibilities, and employ or contract with such persons as may be deemed necessary for Cooperative and Member District operations;
   (b) The Fiscal Agent shall purchase, lease, contract for or otherwise secure materials, equipment, supplies, and facilities necessary to support Cooperative and Member District functions;
   (c) The Fiscal Agent shall direct, manage and supervise the general administrative operations of the Cooperative, including, but not limited to, the operation of the departments for business, human resources and the Superintendent/CEO;
   (d) The Fiscal Agent shall operate in accordance with the budget adopted by the Boardand with applicable law;
   (e) The Fiscal Agent shall provide administrative, accounting, grant, personnel and other records and reports, for the Cooperative and Member District(s) as may be required by law;
   (f) The Fiscal Agent shall obtain an independent audit of all Cooperative and MemberDistrict accounts annually, and provide a copy of all audits to the Board;
   (g) The Fiscal Agent shall cooperate with any audits by regulatory agencies

required of the Member District(s);

(h) The Fiscal Agent shall serve as custodian of all Cooperative administrative, financial, grant, personnel, taxation and other records, in accordance with applicable law, and in cooperation with the Member District(s), and retain those records on behalf of the Member District(s) until the Cooperative dissolves. The Fiscal Agent shall provide such records upon request to the Member District(s) and the Board;

(i) The Fiscal Agent shall function as agent for and on behalf of all the Member Districts(s) for matters pertaining to the Cooperative;

(j) The Fiscal Agent shall maintain separate and distinct administrative, accounting, auditing, budgeting, reporting and recordkeeping systems for the management and operation of the Member District(s) to the extent required by law;

(k) The Fiscal Agent shall report on a *pro rata* basis all personnel costs and units for Cooperative Personnel in the respective records submitted on behalf of the Fiscal Agent and Member Districts to the Public Education Information Management System ("PEIMS");

(l) As the employer of Cooperative Personnel, the Fiscal Agent shall report all Cooperative Personnel payroll costs in the applicable reports of the Fiscal Agent submitted to the Teacher Retirement System of Texas ("TRS"); and

(m) The Fiscal Agent shall perform all other duties as directed by the Board.

3. Except as otherwise provided, administrative cost overruns and uncontrollable costs shall be allocated among the Member District(s), as determined by the Board.'

Conflict of Interest and Mandatory Disclosures

Conflict of Interest 2 CFR §200.112

Requirement:

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

Implementation:

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

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

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

The Superintendent or designee is responsible for submitting the form to TEA when applicable.

Mandatory Disclosures 2 CFR §200.113

Requirement:

The LEA must disclose, in a timely manner, in writing to the Federal awarding agency or pass-through entity (TEA) all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. Failure to make required disclosures can result in any of the remedies described in 2 CFR §200.339.

Implementation:

The LEA will complete and submit the "Mandatory Disclosure: Violation of Federal Criminal Law" form obtained from TEA's "Forms for Prior Approval, Disclosure, and Justification" webpage to disclose any violation of Federal criminal law **potentially** affecting the Federal award.

The Superintendent or designee is responsible for submitting the form to TEA when applicable.

Waste, Fraud, and Abuse

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

Requirement:

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

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

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

- Forgery or unauthorized alteration of any document or account belonging to the LEA;
- Forgery or unauthorized alteration of a check, bank draft, or any other financial document;

Any person who suspects fraud or financial impropriety, or suspects that an illegal or unethical act has occurred, shall report the suspicions immediately to any supervisor, the Superintendent or designee, the

Board President, or local law enforcement. The LEA will not retaliate against any person who, in good faith, has reported what they believe to be illegal acts by LEA employees, officers, or agents, or of other individuals or entities with whom the LEA has a business relationship, on the basis of a reasonable belief that the practice is in violation of law or clear mandate of public policy.

Implementation:

The LEA has internal controls in place to help prevent and mitigate incidents of fraud, waste, and abuse. The LEA has a Personnel Policy and Procedures handbook where the LEA that defines the process for reporting fraud, financial impropriety or other unlawful or unethical conduct. The handbook can be found at https://www.triumphpublicschools.org/information/employee-operations-and-procedures-handbook/

Reporting Fraud or Financial Impropriety

The LEA gives employees or other persons the opportunity can report fraud or financial impropriety. The available methods for reporting incidents can be found in the LEAs website under Fraud, Waste or Abuse Anonymous Reporting Hotline by following the link:

https://www.triumphpublicschools.org/information/fraud-waste-or-abuse-anonymous-reporting-hotline/

To report suspected fraud, financial impropriety or other unlawful, unethical or otherwise unauthorized or prohibited conduct, employees and other individuals should use the following methods of reporting a concern to the Fraud, Waste, or Abuse Anonymous Reporting Hotline:

- **Toll-Free Telephone:**
  - English Speaking Hotline: (844) 990-0002
  - Spanish Speaking Hotline: (800) 216-1288
- **E-mail Address:**
  - reports@lighthouse-services.com [reports must include organization's name]
- **Fax:**
  - (215) 689-3885 [reports must include organization's name]
- **Website:**
  - https://www.lighthouse-services.com/triumphpublicschools
- **Regular U.S. Mail:** [reports must include organization's name]
  Lighthouse Services, Inc.
  Fraud, Waste, or Abuse Anonymous Reporting Hotline
  1710 Walton Road, Suite 204
  Blue Bell, PA, USA 19422

Toll-Free Telephone:

Employees may call the Fraud, Waste, or Abuse Anonymous Reporting Hotline toll-free. Telephone calls can be made 24 hours a day, seven days a week at (844) 990-0002 for English Speaking Hotline or (800) 216-1288 for Spanish Speaking Hotline. This telephone line is operated by Lighthouse Services, Inc., an independent, third-party hotline services provider. This is a safe, secure and confidential toll-free telephone number.

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

Investigating Reports of Fraud or Financial Impropriety

Once and report has been initiated, the LEA will take appropriate action to investigate incidents of fraud, malfeasance, misapplication of funds, gross mismanagement, or other criminal activities in all forms, which may be prosecutable.

Investigation

The LEA utilizes Lighthouse Services, Inc., the fraud, waste, or abuse anonymous reporting hotline services provider, has been instructed to refer any complaint received to the Board's designee(s) and legal counsel. In consultation with legal counsel, the Board's designee(s) shall promptly establish if the report is regarding waste, abuse, or fraud or if another investigatory process or legal requirements are triggered. Such reports will be channeled to the Board Chair by legal counsel and the Board's designee(s). In consultation with legal counsel, the Board Chair and the Board's designee(s) shall promptly investigate reports of a suspected violation of a legal requirement, Board policy or administrative procedure or other impropriety.

As deemed appropriate and necessary, the Board may procure the services of a qualified professional to conduct the investigation. If an investigation substantiates the anonymous allegation, the Board's designee(s) or the contracted professional, in coordination and collaboration with legal counsel, shall promptly inform the Board of the report, the investigation, and any responsive action taken or recommended by the administration. All employees involved in an investigation shall be advised to keep information about the investigation confidential.

If in consultation with legal counsel, the Board's designee(s) establishes that the complaint is not regarding waste, abuse, or fraud or otherwise of a nature where the Board should continue to supervise the investigation based on advice from legal counsel, the Board's designee will be instructed to address such complaint administratively and in consultation with and through the Superintendent. Certain complaints (such as Title IX, Title VII, ADA/504, SPED) may be referred to other processes and to coordinators as outlined in policy or procedure (including Employee Handbook).

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

Disclosure

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

Financial Management

The LEA's financial management *process* involves the collaborative between Superintendent, and the Administrative Team following the Finance Officer and of the Accounting and Budget Coordinator guidance. Each respective department shall be responsible for their duties and responsibilities as they relate to the management of state and/or federal grants.

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

The LEA's financial management system is maintained by the PEIMS Coordinator and Finance Officer in a manner that provides adequate internal controls over the data integrity, security and accuracy of the financial data.

Financial Management Standards

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

Identification 2 CFR §200.302(b)(1)

Requirement:

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

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

Implementation:

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

The LEA's financial management system, ASCENDER, is used to expend and track all state and federal grant expenditures as required by TEA. This financial management system is maintained in a manner that provides adequate internal controls over the data integrity, security and accuracy of the financial data.

The Ascender system also contains information pertaining to all federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. Finance office staff account expenditures of federal grant in accordance with the written procedures under cash management, accounts payable, purchasing, travel, allowable costs, capital asset tracking, contract management, and other procedures, as appropriate

Ascender helps the LEA implement the proper identification of state and federal funds. The LEA also keeps a list of all awarded state and federal grant. Funds are recorded and maintained by the Finance Office. The listing includes:

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

The Ascender system has the ability to track and accommodate the minimum 15-digit account code mandated by FASRG, generate information needed for Public Education Information Management System (PEIMS) reporting, and ensure adequate accountability of state and federal funds.

Financial Reporting 2 CFR §200.302(b)(2)

Requirement:

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

Implementation:

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

The Superintendent or designee is responsible for reviewing the reporting requirements for each TEA request and ensures that the activity/progress or evaluation report is submitted to TEA on a timely manner. Finance related reporting requirement are handled by the Finance Officer. The Finance officer or designee is also responsible for compiling timely and accurate federal financial reports, activity reports, and evaluation reports.

Accounting Records 2 CFR §200.302(b)(3)

Requirement:

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

The LEA ensure that financial records contain information pertaining to Federal awards, authorizations, financial obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation (i.e., purchase orders/requisitions, invoices, receipts, travel vouchers, time and effort reports, employee payroll records, etc.). The Finance Officer maintains such records and are located in the Finance Office.

TEA's Accounting Requirements

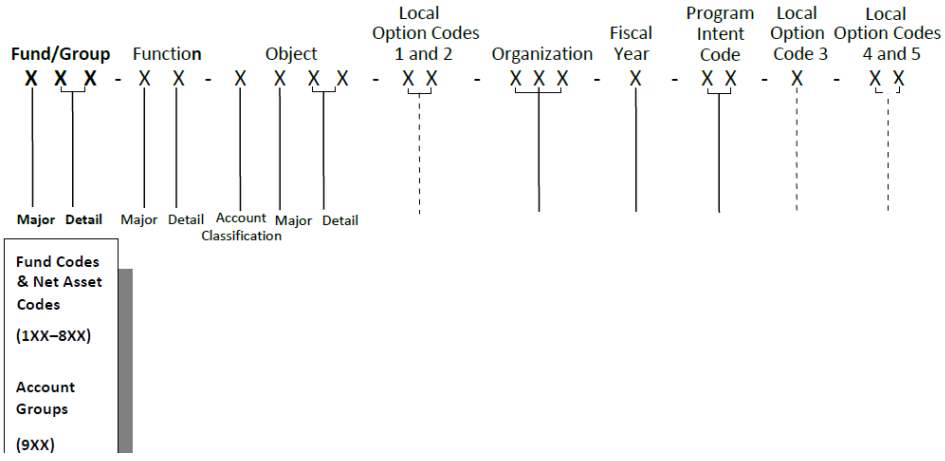
The LEA must comply with the accounting requirements in the Financial Accounting and Reporting (FAR) module of the *Financial Accountability System Resource Guide (FASRG)*.

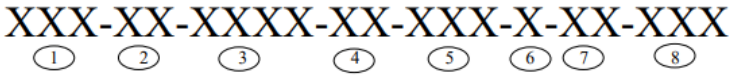
The LEA must use the accounting code structure and accounting codes specified in the FAR module, including Fund Code, Function Code, Object Code, Organization Code, Fiscal Year, Program Intent Code.

Implementation:

The LEA uses the accounting code structure and accounting codes designated by TEA under the FASRG. In particular the LEA uses Module 2: Special Supplement—Charter Schools - https://tea.texas.gov/sites/default/files/fasrg17-module2-final-accessible.pdf

The Fund Code Structure





1	Fund	A mandatory 3 digit code is to be used to identify the fund group or specific group
2	Function	A mandatory 2 digit code that identify the purpose of the transaction
3	Object	A mandatory 4 digit code that identifies the nature of the transaction or source
4	Sub-Object	A 2 digit code for optional use to provide special accountability at the local level
5	Organization	A mandatory 3 digit code that identifies the organization (campus or department)
6	Fiscal Year	A mandatory 1 digit code that identifies the fiscal year of project year of the expense
7	Program Intent	A mandatory 2 digit code that designates the intent of a program provided to students
8	Optional Codes	A 3 digit code for optional use to further describe a transaction

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

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

The Finance Office maintains a Chart of Accounts to help identify and defined account codes. The Finance Office also provides campus staff with newly defined codes on a yearly basis before the new fiscal year initiates. Supplemental material is distributed to help campus staff reference defined account codes.

TEA's Requirement for General Ledger:

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

- Budgeted expenditures
- Encumbrances
- Actual expenditures

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

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

The responsibility to comply with TEA's General Ledger maintenance falls under the Finance Officer.

TEA's Requirement for Payroll Journals:

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

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

Implementation of Accounting Records Requirements:

The Finance Officer or designee are responsible for ensuring Accounting Records are adequately implemented and kept. Such responsibilities include:

- data entry and to provide oversight of grant financial general ledger entries
- maintaining accounting records, including original source documentation to support all expenditures recorded in the general ledger.
- maintaining electronic source documentation and ensures the documentation is easily retrievable and readable.
- reviewing the Financial Accountability System Resource Guide (FASRG)/Charter School Supplement and implements the accounting requirements.
- ensures new account codes initiated by TEA are included in the financial management and accounting system.
- determining locally defined ledger account codes to further identify and distinguish revenue or expenditures for which more detailed information is needed, beyond the required account codes.
- identifying Federal programs with required set-asides or reservations in which local option codes are needed to appropriately track expenditures tied to the set-asides or reservations.
- monitoring the expenditures to ensure the required amount was expended.
- Maintaining a chart of accounts which lists all general ledger account codes, in accordance with TEA's (FASRG), including all locally defined general ledger account codes in effect for each fiscal year.

Internal Controls 2 CFR §200.302(b)(4)

Requirement:

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

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

- Effectiveness and efficiency of operations;

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

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

Additionally, the LEA must:

- Comply with the U.S. Constitution, Federal statutes, regulations, and the terms and conditions of the Federal awards
- Evaluate and monitor the LEA's compliance with statutes, regulations, and the terms and conditions of Federal awards
- Take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings
- Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity (TEA) designates as sensitive or the LEA considers sensitive consistent with applicable Federal, State, and local laws regarding privacy and responsibility over confidentiality.

Implementation.

The LEA implements the necessary Internal Controls to help manage funds adequately by identifying segregation of duties, separating authorization and designating certain oversight roles to prevent fraud or error by one person. For management of funds, designation of control levels are assigned by the Superintendent or designee to include approval levels between Campus Principals, Accounting and Budget Coordinator, and Finance Officer.

Managing State and Federal Grants shall be a collaborative process between each Administrators, Campus Principals or designee. Each participating individual shall be responsible for their duties and responsibilities as they relate to the management of state and/or federal grants. The duties of each department are listed below in general terms. Additional, specific duties and responsibilities may be listed within an area of compliance within this Manual.

Written policies and procedures have been put in place to assure that charges made to the Federal grants are reasonable, accurate, allowable, and are properly allocated. All cost objectives should be in compliance with standards of 2CFR 200.430(i) along with All documentation required as stated under 2CFR 200.430(i).

The LEA ensures it sets adequate internal controls to ensure charges to the Federal awards are reasonable, accurate, allowable, and allocable under the new EDGAR regulations.

17 Principles That Support the Components of the Internal Control System

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

COMPONENTS	PRINCIPLES
Control Environment	1. The oversight body and management should demonstrate a commitment to integrity and ethical values. 2. The oversight body should oversee the entity's internal control system. 3. Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives. 4. Management should demonstrate a commitment to recruit, develop, and retain competent individuals. 5. Management should evaluate performance and hold individuals accountable for their internal control responsibilities.
Risk Assessment	6. Management should define objectives clearly to enable the identification of risks and define risk tolerances. 7. Management should identify, analyze, and respond to risks related to achieving the defined objectives. 8. Management should consider the potential for fraud when identifying, analyzing, and responding to risks. 9. Management should identify, analyze, and respond to significant changes that could impact the internal control system.
Control Activities	10. Management should design control activities to achieve objectives and respond to risks. 11. Management should design the entity's information system and related control activities to achieve objectives and respond to risks. 12. Management should implement control activities through policies.
Information and Communication	13. Management should use quality information to achieve the entity's objectives. 14. Management should internally communicate the necessary quality information to achieve the entity's objectives. 15. Management should externally communicate the necessary quality information to achieve the entity's objectives.
Monitoring	16. Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. 17. Management should remediate identified internal control deficiencies on a timely basis.

SOURCE: GAO I GAO-14-704G

Under the Finance Department Operations, to ensure adequate internal controls are set, the staff shall operate under a segregation of duties, including but not limited to, the following:

- Endorsement of checks – The same staff member shall not prepare and endorse accounts payable or payroll checks.
- Bank reconciliations – The same staff member shall not prepare cash disbursements, cash deposits, or other cash transactions and reconcile the district's bank accounts.

- Maintain non-cash accounting records – The same staff member shall not prepare non-cash general ledger transactions and post the transactions to the general ledger.
- Purchasing and Receiving functions – The same staff member shall not serve as the final approver of a purchase order and verify receipt of the goods.
- Contract Management – The same staff member shall not approve a contract for goods or services and have sole approval authority to disburse the payment for the contracted goods or services.

Auditing findings or deficiencies shall be addressed in a timely manner upon receipt of the notification. The finance, human resources and grant management staff shall work collaboratively to develop and implement a Corrective Action Plan to resolve the findings or deficiencies. The Superintendent, or designee, shall approve the Corrective Action Plan and monitor the timely implementation of corrective strategies.

Appointing Grant Roles

Grant Roles will be assigned by the Superintendent/CEO. The SCEO will approve access to eGrants via the TEAL. TEAL user names and passwords are issued by the TEA Login.

Along with the acceptance and receipt of a grant award come many responsibilities involving the management and administration of programmatic, financial and reporting aspects of the grant project. Communication and coordination between personnel is essential for a successful grant project. Please bear in mind that past performance is a consideration in evaluating the award of future grant funding.

To assure proper and efficient administration of the grant award, responsibilities should be identified, disaggregated and assigned to key personnel within the grantee organization. It is critical that someone in the grantee organization be directly responsible for each of the functions associated with the administration of the grant project.

Designated LEA staff when performing such grant roles, must comply with the:

- Code of Ethics and Standard Practices for Texas Educators [Board Policy DH – Code of Ethics
- LEA Code of Conduct (Employee Handbook),
- Confidentiality Agreement, and
- Acceptable Use Guidelines.

Budget Control 2 CFR §200.302(b)(5)

Requirement:

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

Implementation:

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

Cash Management 2 CFR §200.302(b)(6)

Requirement:

The LEA must maintain written procedures to implement the cash management requirements of 2 CFR §200.305.

Implementation:

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

Allowable Costs 2 CFR §200.302(b)(7)

Requirement:

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

Implementation:

Follows the guidance under the Allowability of Costs section of this manual.

Budgeting and Grant Application Process

Budget Planning

Requirement:

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

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

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

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

Implementation:

For the purpose of Budget planning, the Accounting and Budget Coordinator in collaboration with the Finance Officer coordinate with key individuals:

- the review of the grant applications, especially the Budget Schedules, to only budget allowable expenditures and object categories. Reserved funds, if any, shall be included in the original budget.
- the initial budget planning discussions and meetings that take place prior to submitting a grant application or receiving the NOGA (Notice of Grant Award) or GAN (Grant Award Notification).
- the planning discussions and meetings with personnel; Campus Principals and involved Administrators to discuss prior year's award and then make adjustments once the new year's allocation is known.
- having adequate "working papers" to serve as a guide for expenditures that will be used to complete the grant application
- the development of initial and post grant budgets based on provided sources by the Instructional Officer, Principals, and Student Support Coordinator
- historical data based on the actual budget and final expenditures from the previous grant year
    - Campus Improvement Plan (CIP)
    - Needs Assessment; Comprehensive Needs Assessment (CNA)
    - District Improvement Plan (DIP)
    - Staffing Needs
    - Grant Requirements
- the monitoring carryforward for grants that have this provision; may plan to carryover 25% of their base planning amount for the residential set-aside.
- that LEA comply with TEA guidance to plan to spend the funds during the original grant period

Public Notification Prior to Submittal of the Grant Application

Requirement:

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

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

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

Implementation:

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

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

The LEA consistently follows its local policy on providing public notice and providing public comment, when applicable.

The LEA follows its local translation policy when making applications, plans, evaluations, and reports available to the public.

Reviewing and Approving the Budget

Requirement:

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

Implementation:

The LEA develops its budget through a **collaborative planning process** that includes finance staff, leadership, principals, and stakeholders.

1. **Development** – Finance staff (Accounting & Budget Coordinator and Finance Officer) prepare draft budgets using revenue projections, historical expenditures, and identified needs from the Comprehensive Needs Assessment (CNA), Campus Improvement Plans (CIP), and District Improvement Plan (DIP).
2. **Review** – Draft budgets are reviewed with campus principals and corporate leadership. Stakeholder input (public meetings/surveys) is gathered when required by grant rules. Allowable and unallowable costs are checked to ensure compliance.
3. **Approval** – Budgets move through a three-step approval process:
    - Finance Officer approval
    - Board of Directors approval
    - Entry into the LEA's accounting system (Ascender) by the Business Office
4. **Verification** – Finance staff confirm final budgeted amounts align with official grant allocations.

This process ensures that all budgets are **compliant, accurate, and aligned** with both program requirements and LEA priorities.

General Provisions and Assurances

General Provisions and Assurances apply to all grants administered by TEA. Additional provisions and assurances may apply to specific grants. The Accounting and Budget Coordinator shall inform all staff involved in the expenditure of grant funds process of the provisions and assurances for each grant program, as appropriate.

Numerous resources are available on TEA's Provisions and Assurances webpage at: http://tea.texas.gov/Finance_and_Grants/Grants/Administering_a_Grant/Provisions_and_Assurances/

- General Provisions and Assurances (EDGAR)
- Debarment and Suspension (EDGAR)
- Lobbying Certification (EDGAR)

Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion

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

Administration shall verify the eligibility of each vendor with this certification requirement requesting that the vendor execute an awarding a contract and/or issuing a purchase order. A copy of the proposal for service shall be maintained with the contract and/or purchase order for audit purposes.

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

Lobbying Certification

For all federal grants in excess of $100,000, the LEA shall certify on the grant application that no federal grant funds are expended for the purpose of lobbying. The finance department shall jointly execute a Lobbying Certification Form [Standard Form – LLL: Disclosure of Lobbying Activities], as applicable, if the LEA used funds other than federal grant funds for lobbying activities.

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

Completing and Submitting the Grant Application

Requirement:

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

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

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

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

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

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

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

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

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

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

In accordance with TEA's General and Fiscal Guidelines, in order to ensure compliance with required accounting procedures, LEA staff who submit grant applications are strongly encouraged to consult with

their business office about assignment of budgeted items to the proper class/object codes before completing and submitting the grant application. Advance coordination with the business office may help expedite negotiation and processing of the application and may assist in avoiding or minimizing audit exceptions.

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

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

Implementation:

Submitting the Grant Application

- Finance staff (Accounting & Budget Coordinator, Finance Officer, and Instructional Officer) review the **Comprehensive Needs Assessment (CNA)** and align identified needs with each Federal grant.
- Program-specific needs (ESSA, IDEA-B, ESSER, etc.) are discussed with administrators and special program staff.
- Stakeholder input is gathered as required through public meetings, surveys, and board meetings.
- Draft budgets are reviewed with leadership and principals, ensuring costs are allowable.
- Finance and instructional staff complete the application and share with leadership/principals.
- The Superintendent, as Authorized Official, certifies and submits the application.
- Finance staff ensure all deadlines are met.

After Receiving the NOGA/GAN

- The Superintendent notifies Finance staff when the award is received.
- The **grant packet** typically includes:
    - TRS communication letter
    - Approved application copy
    - NOGA
    - Amendment forms
    - Expenditure report forms
- Finance staff update the accounting system, release funds to campuses, and monitor expenditures beginning on the effective date.
- Training is provided to all staff handling federal funds to ensure proper management.
- Expenditures are monitored to confirm they are allowable, approved, and occur only after the grant start date.

Amending the Budget and Application

Requirement:

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

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

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

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

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

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

Implementation:

Budget Amendments and Monitoring Expenditures

- The Finance Officer and Accounting & Budget Coordinator monitor expenditures to ensure they are **allowable and approved** in the grant application.
- If changes are needed, they manage the **budget amendment process**, update local records, and ensure the financial system reflects amended allocations.
- No activities may begin under an amendment until TEA approval and an updated NOGA are received.
- Principals review expenditures **quarterly** and work with Finance staff to initiate amendments if required.
- All amendments follow the **same approval process as the grant application**, with final approval by the Superintendent.
- Transfers within object codes (up to 25% of the award) are allowed only when consistent with TEA rules and without requiring additional agency approval.

- Expenditures must always align with approved budgeted items and follow Federal cost principles, distinguishing between **direct** and **indirect** costs.

Direct and Indirect Costs

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

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

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

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

Typical costs charged directly to a Federal award are:

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

If directly related to a specific award, certain costs that otherwise would be treated as indirect costs may also be considered direct costs. Examples include extraordinary utility consumption, the cost of materials supplied from stock or services rendered by specialized facilities, **program evaluation costs**, or other institutional service operations.

Indirect costs mean`s those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. 2 CFR §200.1.

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

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

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

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

Indirect Cost Rate:

Requirement:

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

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

Implementation:

The Finance Officer requests an Indirect Cost Rate (ICR) for the LEA from TEA on an annual basis.

Determination of Allowability of Costs

Requirement:

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

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

Factors Affecting Allowability of Costs 2 CFR §200.403

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

- Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- Conform to any limitations or exclusions set forth in these principles (2 CFR Part 200 Subpart E) or in the Federal award as to types or amount of cost items.
- Be consistent with policies and procedures that apply uniformly to both Federally-financed and other activities of the LEA.
- Be accorded consistent treatment. A cost cannot be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- Be determined in accordance with generally accepted accounting principles (GAAP), except as otherwise provided in 2 CFR Part 200.
- Not be included as a cost or used to meet cost sharing or matching requirements of any other Federally-financed program in either the current or a prior period. (Some Federal program statutes require the non-Federal entity to contribute a certain amount of non-Federal resources to be eligible for the Federal program. Refer to 2 CFR §200.306(b) for information related to cost-sharing or matching.)
- Be adequately documented. (See also 2 CFR §§200.300 – 200.309.)
- Cost must be incurred during the approved budget period.

Necessary:

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

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

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

Reasonable Costs 2 CFR §200.404:

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

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

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

Allocable Costs 2 CFR §200.405:

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

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

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

Direct Cost allocation principles: If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, the costs may be allocated or transferred to benefitted projects on any reasonable documented basis.

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

Applicable credits 2 CFR §200.406:

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

Selected Items of Cost 2 CFR §§200.420-200.476:

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

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

LEA personnel responsible for spending Federal grant funds and for determining allowability must be familiar with the 2 CFR Part 200 Selected Items of Cost provisions. The LEA must follow these rules when determining whether to charge specific expenditures to a Federal grant. In addition, Federal program-specific regulations, State rules, and local policy, may deem a specific cost as unallowable, even though identified as allowable in the Selected Items of Cost provisions. LEA personnel must follow the most restrictive.

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

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

Item of Cost	**Citation of Allowability Rule**
Advertising and public relations	2 CFR § 200.421
Advisory councils	2 CFR § 200.422
Alcoholic beverages	2 CFR § 200.423
Alumni/ae activities	2 CFR § 200.424
Audit services	2 CFR § 200.425
Bad debts	2 CFR § 200.426
Bonding costs	2 CFR § 200.427
Collection of improper payments	2 CFR § 200.428

Commencement and convocation costs	2 CFR § 200.429
Compensation – personal services	2 CFR § 200.430
Compensation – fringe benefits	2 CFR § 200.431
Conferences	2 CFR § 200.432
Contingency provisions	2 CFR § 200.433
Contributions and donations	2 CFR § 200.434
Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements	2 CFR § 200.435
Depreciation	2 CFR § 200.436
Employee health and welfare costs	2 CFR § 200.437
Entertainment costs	2 CFR § 200.438
Equipment and other capital expenditures	2 CFR § 200.439
Exchange rates	2 CFR § 200.440
Fines, penalties, damages and other settlements	2 CFR § 200.441
Fund raising and investment management costs	2 CFR § 200.442
Gains and losses on disposition of depreciable assets	2 CFR § 200.443
General costs of government	2 CFR § 200.444
Goods or services for personal use	2 CFR § 200.445
Idle facilities and idle capacity	2 CFR § 200.446
Insurance and indemnification	2 CFR § 200.447
Intellectual property	2 CFR § 200.448
Interest	2 CFR § 200.449
Lobbying	2 CFR § 200.450
Losses on other awards or contracts	2 CFR § 200.451
Maintenance and repair costs	2 CFR § 200.452
Materials and supplies costs, including costs of computing devices	2 CFR § 200.453
Memberships, subscriptions, and professional activity costs	2 CFR § 200.454
Organization costs	2 CFR § 200.455
Participant support costs	2 CFR § 200.456
Plant and security costs	2 CFR § 200.457
Pre-award costs	2 CFR § 200.458
Professional services costs	2 CFR § 200.459
Proposal costs	2 CFR § 200.460
Publication and printing costs	2 CFR § 200.461
Rearrangement and reconversion costs	2 CFR § 200.462
Recruiting costs	2 CFR § 200.463
Relocation costs of employees	2 CFR § 200.464
Rental costs of real property and equipment	2 CFR § 200.465
Scholarships and student aid costs	2 CFR § 200.466
Selling and marketing costs	2 CFR § 200.467
Specialized service facilities	2 CFR § 200.468
Student activity costs	2 CFR § 200.469
Taxes (including Value Added Tax)	2 CFR § 200.470
Telecommunication costs and video surveillance costs	2 CFR § 200.471
Termination costs	2 CFR § 200.472
Training and education costs	2 CFR § 200.473
Transportation costs	2 CFR § 200.474
Travel costs	2 CFR § 200.475
Trustees	2 CFR § 200.476

Implementation:

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

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

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

Costs must be allowable, reasonable/necessary and allocable.

To determine Allowability, costs must Be necessary and reasonable for the performance of the Federal award and be allocable thereto under its provisions.

- 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. 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. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally-funded.
    - A cost is **Necessary** when defined as costs needed to carry out the grant activities. Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles in this subpart.
    - A cost is **allocable** to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost
- Be allocable to Federal awards
- Be authorized or not prohibited under State or local laws or regulations.
- Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
- Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
- Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- Except as otherwise provided for in EDGAR, be determined in accordance with generally accepted accounting principles.

- Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.
- Be the net of all applicable credits.
- Be adequately documented.

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

The **total cost** of a federal award is the sum of allowable direct and allocable indirect costs less any applicable credits. All refunds, rebates, discounts or other credits to grant expenditures shall be posted to the finance general ledger as soon as the credit is known. The district shall ensure that all known credits have been posted to the general ledger prior to the drawdown on federal grant reimbursements. [Note. It is essential to post all credits to the general ledger on a timely basis to ensure that the district does not draw-down grant expenditures in excess of actual expenditures net of all credits. Otherwise, the district may be considered to have drawn-down funds under an advanced cash method.] The Finance Officer shall ensure that all applicable credits have been posted to the general ledger prior to preparing and submitting a federal grant draw-down request from the granting or pass-through entity.

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

- this cost item that are more restrictive than Federal rules?

***Additional Specific Cost Considerations**:*

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

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

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

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

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

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

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

The LEA will follow TEA's guidance in the Program Guidelines specific to the Federal grant program to determine if an activity is considered an **educational** field trip and whether the activity is allowable. If so, the cost must be budgeted in the grant application. The LEA must complete the "Justification for Educational Field Trips" form and maintain locally. The form is located on TEA's website "Forms for Prior Approval, Disclosure, and Justification":

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

Prizes

The LEA allows costs of prizes or challenges if they have a specific and direct programmatic purpose of the grant. Example; Attendance Awards.

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

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

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

Use of Funds for Religion Prohibited 34 CFR 76.532

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

Federal Cash Management 2 CFR §200.305

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

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

Reimbursement:

Requirement:

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

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

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

Implementation:

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

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

The Finance Officer shall be responsible for preparing the draw-down of federal grant funds. All draw-downs shall be recorded on the general ledger as a receivable when the draw-down process is complete and posted to the cash account upon receipt of the receivable.

Reimbursement shat be requested at least quarterly but preferably on a monthly bases.

Cash Advance:

Requirement:

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

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

Implementation:

The LEA does not utilize the cash advance payment method. However, to the extent the LEA receives advance payments of Federal grant funds, the LEA will strive to expend the Federal funds on allowable expenditures within [72] hours of receipt.

The LEA will hold Federal advance payments in interest-bearing accounts, if applicable.

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

- The expenditure has been made as evidenced by distribution of a paycheck to a grant funded staff member or mailing, e-paying, or delivering a payment to a vendor.
- **At no time shall the district draw-down any "advanced" cash payments, unless specifically allowed by the granting agency.**

Payroll Considerations:

Requirement:

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

Implementation:

The finance department should use caution to avoid excess drawdown of grant funds due to unallowable payroll costs if timely adjustments to the general ledger as not posted prior to the drawdown of funds. This includes end of year payroll accruals.

The LEA draws down payroll liabilities, such as TRS and IRS payments only after the month end reconciliation have occurred to ensure that expenditures do not qualify under the advance payment method.

Interest Earned on Cash Advances:

Requirement:

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

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

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

- A foreign government or banking system prohibits or precludes interest-bearing accounts

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

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

Implementation:

The LEA's internal controls for cash management ensure that **only** the actual amount of cash needed from Federal grant funds will be requested, and that the cash received will be paid out. The Finance officer monitors drawdowns to determine whether the payment of Federal funds qualifies as a reimbursement.

Expenditure Reporting (ER) System

Requirement:

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

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

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

Revised Final Expenditure Report:

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

TEA strongly recommends the segregation of duties and may impose additional specific conditions on subgrant awards when risk is identified. The LEA is responsible for ensuring the Grantee Manager and/or

Grantee Official has been authorized by the LEA to enter the organization into legally binding agreements for grant payment purposes. This authorized official must certify request for payment as described in Implementation:

Grant Fund Draw-Downs

- The **Finance Department** initiates all draw-downs after confirming entitlement through the detailed general ledger.
- For grants with matching requirements, draw-downs are limited to allowable amounts verified against matching expenditures.
- The **Accounting & Budget Coordinator and Finance Officer**:
    1. Review the general ledger for unusual charges or reclassifications.
    2. Test-sample large or unusual expenditures for proper approval.
    3. Monitor expenditures-to-date to ensure timely spending within the grant period.
    4. Authorize the Finance Department (in writing) to process the draw-down.
- Finance prepares the draw-down request (paper or electronic) and files supporting documentation (ledger, approvals, etc.) for audit.
- Journal entries are prepared and posted to the general ledger to record draw-downs and account adjustments.
- Finance ensures requests do not exceed grant-specific limits to avoid "high-risk" status.

Final Draw-Down

- Must occur within the allowable timeframe and follow liquidation guidelines (all goods/services received and in use before the grant period ends).
- All refunds, credits, discounts, or adjustments must be recorded before the final request.
- No open purchase orders or pending payments may remain.
- If a deadline is missed, Finance contacts the granting agency (TEA procedures allow deadline extension requests, signed by the Superintendent, within 30 days).
- Final revenues and expenditures must reconcile (equal) in the ledger.

Timely Obligation of Funds

Requirement:

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

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

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

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

When Obligations are Made 34 CFR §76.707

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

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

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

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

Carryover Provision: As a general rule, **state-administered** Federal funds are available for obligation within the year that Congress appropriates the funds for. However, given the unique nature of educational institutions, the period of availability is 27 months for many Federal education grants. This period of availability typically consists of an initial grant period of 15 months (i.e., July 1 through September 30 of the following year), plus a 12-month carryover period authorized by the "Tydings Amendment" (cited in the General Education Provisions Act (GEPA), 20 U.S.C. 1225(b)). In accordance with 34 CFR §76.709,

if a subgrantee does not obligate all of its subgrant funds by the end of the fiscal year for which Congress appropriated the funds, it may obligate the remaining funds during a carryover period of one additional fiscal year. The LEA shall use carryover funds in accordance with the Federal statutes and regulations that apply to the program and are in effect for the carryover period. 34 CFR §76.710

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

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

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

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

Implementation:

All federal grant expenditures must occur within the grant period, as specified on the Notice of Grant Award (NOGA). The Accounting and Budget Coordinator will notify relevant departments and staff within 10 days of receiving the NOGA to ensure compliance:

- Employees may only be hired and paid from federal grant funds during the grant period.
- Purchases using federal grant funds must occur during the grant period.
- All payroll and non-payroll expenditures must occur during the grant period.

Obligations made outside the grant period are not allowed and must be settled according to grant deadlines, including the final draw-down of funds. TEA's General and Fiscal Guidelines provide further guidance on using federal grant funds.

The Accounting and Budget Coordinator, together with the Finance Officer, will monitor expenditures to ensure funds are spent timely and systematically to achieve the grant's objectives.

Program Income 2 CFR §200.307

Requirement:

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

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

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

Program income, as indicated in 2 CFR §200.1, includes, but is not limited to:

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

Program income is not:

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

Use of Program Income:

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

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

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

The LEA must submit the "Request to Add Program Income to Federal Grant Award and Expand Delivery of Programmatic Services" form to TEA for approval. The form is located on TEA's website "Forms for Prior Approval, Disclosure, and Justification":

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

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

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

Implementation:

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

Procurement

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

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

General Procurement Standards

EDGAR 2025 Procurement Summary

This summary highlights the 2025 Uniform Guidance (2 CFR Part 200) procurement updates adopted into the LEA's EDGAR Manual. It supplements existing policies and is intended as a quick reference for all staff involved in purchasing with Federal funds.

Area	2025 Requirement	How TPHS Implements
Simplified Acquisition Threshold	Raised to $350,000 (2 CFR §200.320). Purchases under this threshold may use informal methods but must still be documented and competitive.	LEA follows small purchase procedures for transactions under $350,000 with price or rate quotes from at least 3 qualified sources.

Full and Open Competition	Reinforced requirement for written solicitations, prohibition of restrictive specs, and brand-name-only justification (2 CFR §200.319).	All procurements include written solicitations, clear evaluation criteria, and documentation of competition or sole source.
Procurement Methods	Updated descriptions of micro-purchase, simplified acquisition, sealed bid, competitive proposal, and noncompetitive procurement (2 CFR §200.320).	LEA uses micro-purchase up to $15,000, simplified acquisition up to $350,000, sealed bid or competitive proposal above $350,000, and sole source only when justified and approved.
Domestic Preference ("Build America, Buy America")	New requirement to give preference to U.S.-produced goods, products, and materials (2 CFR §200.322).	Procurement staff include domestic preference language in solicitations and evaluate bids accordingly.
Recovered Materials	Purchases must comply with EPA guidelines for recycled-content products (2 CFR §200.323).	LEA includes this clause in solicitations and vendor certifications.
Small & Minority Businesses	Must take affirmative steps to use small, minority, and women-owned businesses when possible (2 CFR §200.321).	Staff document outreach efforts, maintain vendor lists, and include subcontracting opportunities where feasible.
Bonding Requirements	Updated bid, performance, and payment bond requirements for construction contracts exceeding the Simplified Acquisition Threshold (2 CFR §200.326).	LEA requires bid guarantee of 5%, performance bond of 100%, and payment bond of 100% for applicable contracts.
Conflict of Interest & Mandatory Disclosures	Conflicts and violations must be disclosed promptly to TEA (2 CFR §§200.112–200.113).	LEA uses TEA's disclosure forms and requires superintendent/designee submission.
Internal Controls	Internal controls over procurement must align with the GAO Green Book or COSO Framework (2 CFR §200.303).	TPHS maintains segregation of duties, written approvals, and oversight roles to safeguard funds.

Staff Action Steps

• Always confirm the procurement method (micro-purchase, small purchase, sealed bid, competitive proposal, or noncompetitive) before obligating Federal funds.
• Include domestic preference and recovered materials clauses in solicitations.
• Document at least three price quotes for purchases under $350,000.
• For contracts above $350,000, ensure bid, performance, and payment bonds are obtained.
• Maintain written records of all procurements and outreach to small/minority businesses.
• Disclose any potential conflict of interest or legal violation to TEA immediately using the required forms.

The LEA must:

- **Use Written Procurement Procedures**
  Follow documented procurement procedures consistent with state/local laws and 2 CFR §§200.317–200.327 for acquiring property or services under Federal awards. TPHS provides a Purchasing manual for procedures. Found: chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.triumphpublicschools.org/wp-content/uploads/2019/04/PurchasingManualApproved352016.pdf
- **Maintain Contractor Oversight**
  Ensure contractors perform in accordance with contract terms, conditions, and specifications.
- **Apply Standards of Conduct**
  Maintain written conflict-of-interest policies for staff involved in procurement, including organizational conflicts of interest for any parent, affiliate, or subsidiary organizations.
- **Avoid Unnecessary or Duplicative Purchases**
  Consolidate or break out procurements where economical; analyze lease versus purchase options to determine the most cost-effective approach.
- **Comply With State and Federal Rules on Split Purchases**
  Ensure procurement practices align with Texas Education Code §44.032 prohibitions on component, separate, or sequential purchases.
- **Promote Economy Through Shared Services**
  Use intergovernmental or inter-entity agreements, strategic sourcing, and shared services to obtain goods and services efficiently while still meeting competition requirements.

    - The TPHS participates in our several Inter-Local Agreements (list not all inclusive and it changes periodically as agreements are made):
        - Region 1 ESC
        - Region 19 ESC
        - Region 20 ESC

Implementation:

The TPHS with the guidance of the Finance Office or designee shall ensure compliance with all federal, state and local procurement requirements. The Campus Principals have complete oversight of carrying forth written procedures and standards of conduct under state and federal procurement guidelines.

The LEA ensures that Directors/Campus principals are yearly training, and are give up-to-date procurement written procurement procedures.

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

Purchasing Efficiency Strategies

All purchases with federal grant purchases shall be in accordance with the federal regulations, specifically CFR 200.318. All purchases shall be purchased from a variety of qualified vendors with the ability to perform successfully under the terms and conditions of a proposed procurement. The LEA shall strive to avoid acquisition of unnecessary or duplicative items. The LEA shall implement the following strategies to maximize federal grant funds:

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

The TPHS may complete a review of the procurement system on yearly basis to self-certify that the procurement system is efficient and effective. The Superintendent shall oversee the completion of the self-certification. The results of the certification shall be distributed to all grant management staff. If deficiencies are noted, the Superintendent or designee shall develop a Corrective Action Plan to remedy the deficiencies, as appropriate.

Conflict of Interest

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

The Principals, Accounting and Budget Coordinator, and Finance Director shall execute a Conflict of Interest Form to disclose a conflict of interest, as appropriate, related to the awarding of a contract or substantial expenditures with federal grant funds.

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

Competition 2 CFR §200.319

Requirement:

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

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

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

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

Implementation:

TPHS implements these requirements to ensure full and open competition as required. The campus principals in collaboration with the Finance Office or designee develops, reviews, approves the specifications for invitations for bids or requests for proposals.

The Superintendent, committee, or designees shall be responsible for awarding contracts to vendors that are qualified to provide the goods and/or services to be purchased with federal grant funds. The vendor selection process shall ensure that the LEA does not restrict competition among qualified vendors.

Qualifying Vendor Criteria

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

- Past experience with the LEA
- Cost of goods and services, including future costs of maintenance

- Vendor's financial stability and position as it relates to the ability to provide the goods and/or services
- Small, minority, woman-owned, or labor surplus area firms
- The reputation of the vendor and of the vendor's goods and services.
- The quality of the vendor's goods and services.
- The extent to which the goods or services meet the LEA's/school's needs.
- The vendor's past relationship with the LEA/school.
- The impact on the ability of the LEA/school to comply with laws relating to historically underutilized businesses.

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

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

A vendor database shall be maintained by the finance department. All vendors shall complete the appropriate vendor forms as required by federal or state regulations. The LEA ensure that vendors complete the vendor forms required:

- Vendor application file (new vendors)
- Form W-9
- Conflict of Interest Questionnaire
- Felony Conviction Notice (if applicable)
- Fingerprinting (If working directly with students)
- Certificate of Insurance (as appropriate for on-site professional services)
- Certification of Criminal History Record Information (if working directly with students)

If competitive sealed proposals are chosen as the purchasing method, the Superintendent or designee shall prepare the request for proposals and/or specifications for items to be purchased. The LEA shall develop written bid/proposal specifications that are provided to every qualified vendor to ensure consistency in the procurement process. At no time shall the LEA allow a specific vendor to develop the bid/proposal specifications as this may provide a barrier to open, competition among the qualified vendors. The bid/proposal documents must include guidance to vendors regarding the following:

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

The Finance Officer or designee shall oversee all bid/proposal documents before release to the vendor to ensure the documents comply with the federal requirements.

Competitive Solicitation Requirements 2 CFR §200.319(d):

Requirement:

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

- Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured.
    - Such description must not, in competitive procurements, contain features which unduly restrict competition.
    - The description may include a statement of the qualitative nature of the material, product, or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use.
    - Detailed product specifications should be avoided if at all possible.
    - When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a "brand name or equivalent" description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and
- Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

Implementation:

The campus principals in collaboration with the Finance Office reviews, approves the solicitations and ensure they meet specifications.

Prequalified Lists 2 CFR §200.319(e):

Requirement:

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

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

Implementation:

The Finance Office keeps a list of qualified and prohibited vendors. The department ensures that such prohibited vendors are no in the solicitation list.

Procurement Methods 2 CFR §200.320

Attachment: Most Restrictive Procurement Rules and Regulations

Purchases, including purchasing cooperatives, must demonstrate compliance with the most restrictive procurement requirements:		
Amount	**State Requirements**	**EDGAR Requirements**
$1-$15,000 Aggregate	TEC, §44.031 – no formal requirements, suggests policy	**§200.320(a)(1) micro-purchase – reasonable cost, and, as practicable, equally distributed among vendors**
$15,001-$99,999 Aggregate	TEC, §44.031 – no formal requirements, suggests policy	**§200.320(a)(2) simplified acquisition – price quotes from an adequate number of vendors**
$100,000-$350,000 Aggregate	**TEC, §44.031, requirements (choose best option for school system)** **1. Competitive bidding** **2. Competitive sealed proposals** **3. RFP** **4. Interlocal contract** **5. RFQ** **6. Reverse auction** **7. Formation of political subdivision corporation**	§200.320(a)(2) simplified acquisition – price quotes from an adequate number of vendors
$350,001+	TEC, §44.031, requirements (choose best option for school system) 1. Competitive bidding 2. Competitive sealed proposals 3. RFP 4. Interlocal contract 5. RFQ 6. Reverse auction 7. Formation of political subdivision corporation	**§200.320(b)(1) sealed bids and proposals; (b)(2) IFB, RFP, or RFQ only** **§200.324 LEA is required to conduct cost or price analysis on all procurements.**
Non-Competitive/Sole Source	TEC, §44.031 – Sole source allowed if existence of a patent, copyright, secret process, or monopoly.	**§200.320(c) Noncompetitive Proposal:** **1. Micro-purchase** **2. Available from a single source** **3. Public exigency or emergency** **4. Prior Approval by authorized agency (TEA)** **5. No competition – only one bid/proposal received after attempting competition**
Denotes the most restrictive rules that must be followed.		

The LEA shall use one of the procurement methods allowed by federal regulations to procure goods and services with federal grant funds. In addition, the LEA shall comply with state purchasing laws and local Board Policy, PG 5:510
The procurement method shall be determined based on the type of goods or services to be purchased with federal grant funds. If competitive bidding is chosen as the purchasing method, the Superintendent, Finance Officer or designee shall prepare bid specifications. The Finance Officer or designee shall be responsible for selecting the appropriate procurement method for each procurement.

Requirement:

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

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

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

Informal Procurement Methods (Micro-purchases) 2 CFR §200.320(a):

Requirement:

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

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

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

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

Implementation:

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

Therefore, the Federal simplified acquisition threshold of $350,000 is not applicable to Texas ISDs and **certain** charter schools when determining the threshold for informal, small purchase procedures.

This LEA limits informal procurements to procurements under $350,000.]

Micro-purchases 2 CFR §200.320(a)(1):

Requirement:

Micro-purchase means a purchase of supplies or services, the aggregate amount of which does not exceed the micro-purchase threshold. The *micro-purchase threshold* means the dollar amount at or below which a non-Federal entity may purchase property or services using micro-purchase procedures. Generally, the micro-purchase threshold for procurement activities administered under Federal awards is not to exceed the amount set by the FAR (Federal Acquisitions Regulations) at

48 CFR Part 2, subpart 2.1, unless a higher threshold is requested by the LEA and approved by TEA. 2 CFR §200.1

The LEA is responsible for determining and documenting an appropriate micro-purchase threshold based on internal controls, an evaluation of risk, and its documented procurement procedures. The micro-purchase threshold used by the LEA must be authorized or not prohibited under State and local laws or regulations. 2 CFR §200.320(a)(1)(iii)

LEAs have the option to increase the micro-purchase threshold up to $50,000-99,999, in accordance with the requirements of 2 CFR §200.320(a)(1)(iv). The LEA may self-certify a threshold up to $99,999 on an annual basis and must maintain documentation to be made available to the Federal awarding agency and auditors in accordance with 2 CFR §200.334.

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

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

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

TEA Requirements for Self-Certification Notification:

If the LEA chooses to utilize the self-certification option to establish a micro-purchase threshold higher than the current standard $15,000 threshold, the LEA will follow TEA's requirements for the self-certification, as outlined in the TEA To The Administrator Addressed letter dated September 25, 2025.

- The LEA must develop a written policy justifying and clearly identifying the new threshold.
- For a threshold from $15001 to $25,000, the LEA must notify TEA of the micro-purchase threshold amount at https://app.smartsheet.com/b/form/e2f879cc182e47a69a39afec56084aa5
- For a threshold from $25,001 to $49,999, the LEA must notify TEA of the micro-purchase amount, using the link above, AND attach the LEA's written policy, AND attach verification of the LEA's risk level identified in the most recent federal audit OR documentation of an internal risk assessment and internal controls for mitigating and managing financial risks

Requirements Applicable to Micro-purchases:

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

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

TEA Requirements for the Micro-Purchase Aggregate Spending:

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

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

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

Implementation:

- TPHS *Self-Certificates Micro* Purchase up tot 49,999

The LEA shall purchase goods and services under this method from qualified vendors but will NOT procure the micro-purchases, unless in the aggregate in a 12 month period (fiscal year), the LEA exceeds federal or state law thresholds.

Category Spending is tracked by the use of Commodity Codes in Ascender for purchases and services for "like-type" items to monitor cumulative costs.

Simplified Acquisition 2 CFR §200.320 (2):

Requirement:

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

The LEA is responsible for determining an appropriate simplified acquisition threshold based on internal controls, an evaluation of risk and its documented procedures which must not exceed the simplified acquisition threshold established in the FAR (Federal Acquisitions Regulations) at 48 CFR Part 2, subpart 2.1. The current simplified acquisition threshold is $350,000. When applicable, a lower

simplified acquisition threshold used by the LEA must be authorized or not prohibited under State or local laws or regulations.

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

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

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

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

Implementation:

The LEA defines acquisition cost as a procurement method up to a purchasing threshold of 350,000 approved by the Superintendent with notification to the board.

Determination of 12-Month Aggregation

Requirement:

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

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

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

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

Implementation:

The LEA determines aggregate spending to determine when the small purchase method cannot be used and competitive procurement must be used by using the 12 month period (fiscal year).

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

Formal Procurement Methods (Sealed Bids and Proposals) 2 CFR §200.320(b):

Requirement:

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

In Texas, state law requires competition for contracts valued at $50,000 or more in accordance with TEC §44.031 Purchasing Contracts. Therefore, the simplified acquisition threshold, currently set at $350,000, is not applicable for ISDs and certain charter schools.

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

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

State Rules regarding Competitive Procurements:

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

- Competitive bidding for services other than construction services;
- Competitive sealed proposals for services other than construction services;
- A request for proposals, for services other than construction services;
- An interlocal contract;

- A method provided by Chapter 2269, Government Code, for construction services;
- The reverse auction procedure as defined by Section 2155.062(d), Government Code; or
- The formation of a political subdivision corporation under Section 304.001, Local Government Code

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

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

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

Federal Regulations Regarding Sealed Bids 2 CFR §200.320(b)(1):

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

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

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

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

If sealed bids are used, the following requirements apply:

- Bids must be solicited from an adequate number of qualified sources, providing them sufficient response time prior to the date set for opening the bids. Additionally, the bids must be publicly advertised;
- The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
- All bids will be opened publicly at the time and place described in the invitation for bids;

- A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
- Any or all bids may be rejected if there is a sound documented reason

Texas Requirements for Competitive Bidding TEC §44.0351

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

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

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

Federal Regulations Regarding Proposals 2 CFR §200.320(b)(2):

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

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

Texas Requirements for Competitive Sealed Proposals TEC §44.0352

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

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

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

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

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

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

Implementation:

LEA complies with and implements the requirements for formal procurement methods.

Contractor/Vendor Selection

Requirement:

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

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

- The purchase price;
- The reputation of the vendor and of the vendor's goods or services;
- The quality of the vendor's goods or services;
- The extent to which the goods or services meet the LEA's needs;
- The vendor's past relationship with the LEA;

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

Implementation:

The LEA formulates a Procurement Committee to carry through the Procurement Process. The committee conducts technical evaluations of the proposals received, and for vendor selection. A checklist is developed to review and score all proposals receives. The LEA uses a point system to selecting award recipients.

Noncompetitive Procurement 2 CFR §200.320(c):

Requirement:

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

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

- The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold
    - Micro-purchases qualify as noncompetitive procurement since the micro-purchase method does not require quotes or formal competitive procurement
- The item is available only from a single source
    - Sole-source must be proven and adequately documented to justify the purchase is truly only available from one source
    - An affidavit or sole-source letter from the vendor is not sufficient documentation that the item or service is only available from a single source
- The public exigency or emergency for the requirement will not permit a delay resulting from **publicizing** a competitive solicitation
    - The LEA must demonstrate and document that the need was so immediate that **publicizing** through the competitive solicitation process would hinder the rapid resolution of an immediate concern
- The Federal awarding agency or pass-through entity (TEA) expressly authorizes a noncompetitive procurement in response to a written request from the non-Federal entity

- If the LEA **chooses** to request authorization from TEA to purchase from a vendor without engaging in full and open competition, the LEA must submit either the "Noncompetitive Procurement (Sole Source)" form or the "Other Noncompetitive Procurement (Not Sole Source) to TEA for prior approval. The forms are located on TEA's "Forms for Prior Approval, Disclosure, and Justification" webpage.
- The LEA is not required to request approval from TEA to enter into a noncompetitive procurement. The request for TEA approval is simply one of the circumstances allowable for noncompetitive procurement of federally-funded procurement.
- TEA provides broad, general authorization for goods and services to be purchased by the LEA from an Education Service Center (ESC) as a noncompetitive procurement. The LEA should annually maintain documentation of the prior written approval given to the ESC from TEA, which is typically posted to the ESC website.

- After solicitation of a number of sources, competition is determined inadequate

Implementation:

The Finance Officer reviews and approves of noncompetitive purchases and ensures ensure that a sole source verification letter from the vendor is not the determining factor. A sole source letter is kept in the vendor file at the Finance Office.

The Finance Officer is responsible for annually locating and saving the written approval given to the ESC from TEA as a noncompetitive vendor.

Contract Cost and Price 2 CFR §200.324

Requirement:

- The LEA must perform a cost and price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold, including contract modifications. The simplified acquisition threshold for procurement activities administered under Federal awards is set by the FAR (Federal Acquisitions Regulations) at 48 CFR Part 2, subpart 2.1. Currently, the simplified acquisition threshold established by the FAR is $350,000.

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

- The LEA must negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of

subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

- Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the LEA under the Federal Cost Principles of 2 CFR Part 200, Subpart E. The LEA may reference its own cost principles that comply with the Federal Cost Principles.

- The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

Implementation:

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

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

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

The analysis may include documented internet searches for such comparisons.

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

The LEA selected the evaluating team for reviewing, and approving solicitations. The evaluating team conducts a cost or price analysis by following a checklist for the elements to be considered in negotiating the price element. The Finance Officer oversees the evaluating team's evaluation and approves the price analysis.

Additional Procurement Considerations

Contracting with Small and Minority Businesses, Women's Business Enterprises, and Labor Surplus Area Firms 2 CFR §200.321

Requirement:

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

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

Implementation:

Regardless of the procurement method, the LEA shall encourage small, minority, woman-owned and labor surplus area firms to compete with other qualified vendors by implementing strategies to encourage their participation.

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

For all purchases that exceed the Simplified Acquisition Threshold of $350,000, the LEA shall perform a cost or price analysis with every procurement. Secondly, all purchases that exceed this threshold shall comply with federal bonding requirements such as

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

The Finance Officer shall ensure that all purchases above this threshold are guaranteed with the appropriate bid guarantee, performance bond and payment bond.

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

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

Domestic Preferences for Procurements 2 CFR §200.322

Requirement:

As appropriate and to the extent consistent with law, the LEA should, to the greatest extent practicable under a Federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and

other manufactured products). The requirements of this section must be included in all subawards including all contracts and purchase orders for work or products under this award.

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

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

Implementation:

The LEA will to the greatest extent practicable under a Federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). Request will be reviewed by the key personnel to determine the selection of products as applicable. This will include subawards, contracts and purchase orders under Federal awards.

Procurement of Recovered Materials 2 CFR §200.323

Requirement:

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

Bonding Requirements 2 CFR §200.326

Requirement:

For construction or facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold (currently set at $350,000 by the FAR (Federal Acquisitions Regulations) at 48 CFR Part 2, subpart 2.1), the Federal awarding agency or pass-through entity may accept the bonding policy and requirements of the non-Federal entity provided that the Federal awarding agency or pass-through entity has made a determination that the Federal interest is adequately protected.

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

- A bid guarantee from each bidder equivalent to five percent of the bid price. The "bid guarantee" must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.

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

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

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

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

Additional bonding requirements in Texas Government Code 2253.021 and 2253.022 will be followed by the LEA.

Implementation:

For all purchases that exceed the Simplified Acquisition Threshold of $350,000, the LEA shall perform a cost or price analysis with every procurement. Secondly, all purchases that exceed this threshold shall comply with federal bonding requirements such as:

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

The Finance Officer shall ensure that all purchases above this threshold are guaranteed with the appropriate bid guarantee, performance bond and payment bond.

Multi-year Contracts**: **TEA Guidance

Requirement:

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

Multi-Year Subscriptions:

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

As long as the subgrantee receives the full benefit of the subscription (full access to the service) at the beginning of the grant year, the contract for that grant year may be paid at the beginning of the period of availability. If the subscription contains items that are not all available at the beginning of the service, such as completing one level of the software before the next level is available, then the LEA may only pay for

the service that has been invoiced and received during the period of the invoice. In this example, the LEA could not pay for the entire year of the subscription at the beginning of the grant year because the LEA has not received the full benefit (full access).

Implementation:

In coordination with our Procurement staff, all contracts for goods or services purchased with federal grant funds follow the same review and approval process as other LEA contracts. Payments are made only after confirming that the full service or product has been received.

Campus Principals, Administrators, and Finance staff monitor contract timing each year. Multiyear contracts are managed to ensure costs are charged within the correct grant year.

The LEA uses a **Verification of Completion Form** to confirm services before making payment.

Contract Prohibitions

Suspension and Debarment 2 CFR §200.214

Requirement:

Non-Federal entities are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR Part 180. The regulations in 2 CFR Part 180 restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

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

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

Implementation:

Contract Authority has been delegated to the Superintendent with a threshold of $100,000.

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

Contract Authority has been deligated to the Superintedent with a threshold of $100,000.

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

To ensure compliance, regardless of the dollar amount of the potential procurement, the LEA will search the SAM.gov website on the day the contract is to be signed to ensure the potential vendor or contractor

does not have an active exclusion. The LEA will print the results of the search and keep with the procurement documentation.

Finance Office staff shall verify the eligibility of each vendor with this certification requirement requesting that the vendor execute an awarding a contract and/or issuing a purchase order. A copy of the proposal for service shall be maintained with the contract and/or purchase order for audit purposes.

The finance office also monitors ongoing contracts to verify the contractor's compliance with the debarment, suspension, ineligibility and voluntary exclusion provisions via SAM.gov. In the event that a vendor is suspended or debarred during a contract, the LEA shall continue the contract in force until the contract lapses. The contract term shall not include any extensions to the original term of the contract.

Never Contract with the Enemy 2 CFR §200.215

Requirement:

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

Implementation:

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

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

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

Prohibition on Certain Telecommunications and Video Surveillance Services or Equipment 2 CFR §200.216

Requirement:

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

- Procure or obtain;
- Extend or renew a contract to procure or obtain; or
- Enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. As described in Public Law 115-232, section 889, covered telecommunications equipment is telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).

- For the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities).
- Telecommunications or video surveillance services provided by such entities or using such equipment.
- Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country. [In OMB's 2 CFR Frequently Asked Questions, published May 03, 2021, Q-48 explains the covered foreign country is The People's Republic of China.]

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

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

Implementation:

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

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

State Enforcement of Purchase Procedures

Requirement:

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

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

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

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

Implementation:

The LEA monitors procurements to ensure it does not use component purchases, separate purchases, or sequential purchases to avoid the state requirements of TEC 44.031(a) or (b). The Finance Office is responsible for this oversight.

Purchasing Cooperatives and Interlocal Agreements

Requirement:

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

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

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

In accordance with TEC §44.0331, an LEA that enters into a purchasing contract valued at $25,000 or more under certain cooperative purchasing contracts must document any contract-related fee, including management fee, and the purpose of each fee under the contract. The amount, purpose, and disposition of any fee must be presented in a written report annually as an agenda item in an open meeting of the board of trustees of the school LEA.

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

Implementation:

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

The Finance Office ensures compliance with the TEC 44.0331 requirements regarding fees associated with cooperative purchasing contracts.

The LEA obtains confirmation that the purchasing cooperative is compliant with EDGAR procurement regulations by requesting the vendor's compliance statement that certifies the purchasing cooperative followed EDGAR rules. The Finance Office when applicable will maintain a copy of the website posting and ensures it is dated and current, not more than one year old. If the posted compliance certification is not updated annually, the finance office will request the cooperative for a current compliance verification document.

If the purchasing cooperative does not meet all EDGAR procurement requirements applicable to the type of purchase, the LEA will perform the necessary action to ensure all compliance requirements are met. For example, if the procurement exceeds $250,000 and the purchasing cooperative did not perform a cost or

price analysis in compliance with 2 CFR §200.324, the LEA will perform a cost or price analysis prior to the purchase.

Reference our LEA's purchasing manual for full implementation process. It is available at https://www.triumphpublicschools.org/departments/finance/

Property

Definitions Pertaining to Property Purchased with Federal Funds

The following definitions are applicable to terms used in the Uniform Guidance 2 CFR Part 200, as defined in 2 CFR §200.1.

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

Capitalization Policy and Definitions

The LEA shall utilize the same capitalization policy for non-grant and grant-funded asset purchases. The LEA's capitalization threshold for assets is $10,000.00 per unit cost
The LEA has also defined "inventory items" as items with a unit cost between $1,000 and $9,999. These items shall have a tag affixed to the item for inventory tracking and insurance purposes only. Inventory items shall include computing devices within these costs. The LEA shall track these items for insurance purposes and shall conduct an annual inventory of these items to the extent possible.

The LEA has also defined technology-related "walkable" or "personal use" items with a unit cost less than $1,000 considered high pilferage; items for example the following:

- I-Pads
- Chromebooks
- Computers with a cost under $1,000

Capital assets means:

- Tangible or intangible assets used in operations having a useful life or more than one year which are capitalized in accordance with GAAP. Capital assets include:
    - Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, exchange, or through a lease accounted for as financed purchase under Government Accounting Standards Board (GASB) standards or a finance lease under Financial Accounting Standards Board (FASB) standards; and
    - Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance)

- For purpose of this part, capital assets do not include intangible right-to-use assets (per GASB) and right-to-use operating lease assets (per FASB). For example, assets capitalized that recognize a lessee's right to control the use of property and/or equipment for a period of time under a least contract.

Capital expenditures means expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life.

Computing devices means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals") for printing, transmitting and receiving, or storing electronic information.

Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which **equals or exceeds the lesser** of the capitalization level established by the non-Federal entity for financial statement purposes, or $10,000. LEA-specific: The LEA's capitalization level for financial statement purposes is ($10,000).

General purpose equipment means equipment which is not limited to research, medical, scientific or other technical activities. Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles.

Information technology systems means computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources.

Intangible property means property having no physical existence, such as trademarks, copyrights, patents and patent applications and property, such as loans, notes and other debt instruments, lease agreements, stock and other instruments of property ownership (whether the property is tangible or intangible).

Micro-purchase threshold means the dollar amount at or below which a non-Federal entity may purchase property or services using micro-purchase procedures.
Please see the Informal Procurement Methods section of this manual for more information.

Personal property means property other than real property. It may be tangible, having physical existence, or intangible.

Property means real property or personal property.

Real property means land, including land improvements, structures and appurtenances thereto, but excludes moveable machinery and equipment.

Simplified acquisition threshold means the dollar amount below which a non-Federal entity may purchase property or services, currently set at $350,000.

Special purpose equipment means equipment which is used only for research, medical, scientific, or other technical activities. Examples of special purpose equipment include microscopes, x-ray machines, surgical instruments, and spectrometers.

Supplies means all tangible personal property other than those described in the definition of equipment in this section. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or $10,000, regardless of the length of its useful life.

Insurance Coverage for Property Purchased with Federal Funds 2 CFR §200.310

Requirement:

Federal requirement:
The LEA must, at a minimum, provide the equivalent insurance coverage for real property and equipment acquired or improved with Federal funds as provided to property owned by the LEA.

Federally-owned property need not be insured unless required by the terms and conditions of the Federal award. Please review 2 CFR §200.312 for information regarding Federally-owned property.

State requirement:
In accordance with TEA's General and Fiscal Guidelines applicable to all Federal education grants administered by TEA, equipment purchased with Federal funds must be insured. The actual cost of insurance for equipment purchased with funds from the grant program may be charged as a direct cost to the grant so long as the insurance costs are not contained in any other comprehensive casualty insurance that may be held by the subgrantee.

Implementation:

The LEA may charge a direct cost to the grant for equipment purchased with funds from the grant so long as the insurance costs are not contained in any other comprehensive casualty insurance program.

Real Property (Land and Structures) 2 CFR §200.311

Please refer to the Definitions Pertaining to Property Purchased with Federal Funds section of this manual for a Federal definition of real property.

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

Requirement:

Title to Real Property:
Subject to the requirements and conditions set forth in 2 CFR §200.311, title to real property acquired or improved under a Federal award will vest upon acquisition in the non-Federal entity,

Use of Real Property:

Except as otherwise provided by Federal statutes or by the Federal awarding agency, real property will be used for the originally authorized purpose as long as needed for that purpose, during which time the non-Federal entity must not dispose of or encumber its title or other interests.

Disposition of Real Property:

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

- Retain title after compensating the Federal awarding agency. The amount paid to the Federal awarding agency will be computed by applying the Federal awarding agency's percentage of participation in the cost of the original purchase (and costs of any improvements) to the fair market value of the property. However, in those situations where the non-Federal entity is disposing of real property acquired or improved with a Federal award and acquiring replacement real property under the same Federal award, the net proceeds from the disposition may be used as an offset to the cost of the replacement property.
- Sell the property and compensate the Federal awarding agency. The amount due to the Federal awarding agency will be calculated by applying the Federal awarding agency's percentage of participation in the cost of the original purchase (and cost of any improvements) to the proceeds of the sale after deduction of any actual and reasonable selling and fixing-up expenses. If the Federal award has not been closed out, the net proceeds from sale may be off-set against the original cost of the property. When the non-Federal entity is directed to sell property, sales procedures must be followed that provide for competition to the extent practicable and result in the highest possible return.
- Transfer title to the Federal awarding agency or to a third party designated/approved by the Federal awarding agency. The non-Federal entity is entitled to be paid an amount calculated by applying the non-Federal entity's percentage of participation in the purchase of the real property (and cost of any improvements) to the current fair market value of the property.

Implementation:

When real property purchased in full or in part with Federal funds is no longer needed for the originally authorized purpose, the LEA will seek disposition instructions from TEA.

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

Equipment 2 CFR §200.313

Title to Equipment

Requirement:

Subject to the requirements and conditions set forth in 2 CFR §200.313, title to equipment acquired under a Federal award will vest upon acquisition to the non-Federal entity. Unless a statute specifically authorizes the Federal agency to vest title in the non-Federal entity without further responsibility to the Federal Government, and the Federal agency elects to do so, the title must be a conditional title.

Title must vest in the non-Federal entity subject to the following conditions:

- Use the equipment for the authorized purposes of the project during the period of performance, or until the property is no longer needed for the purposes of the project.
- Not encumber the property without approval of the Federal awarding agency or pass-through entity (TEA).
- Use and dispose of the property in accordance with the requirements of 2 CFR §200.313

Implementation:

Please see the Use of Equipment, Property Management, and Disposition sections of this manual for additional information.

Please see the Completing and Submitting the Grant Application section of this manual for information on the process used to ensure that no activities occur, such as purchase orders issued, funds encumbered or expended, goods received, or services rendered, prior to the effective date for use of grant funds.

The LEA may use federal grant funds to purchase equipment and supplies. The federally-funded equipment shall be used only for the authorized purposes and shall be disposed of, at the end of the useful life or end of the grant period, in accordance with the grant award guidelines.

Use of Equipment:

Requirement:

Equipment must be used by the non-Federal entity in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award, and the non-Federal entity must not encumber the property without prior approval of the Federal awarding agency.

When no longer needed for the original program or project, the equipment may be used in other activities supported by the Federal awarding agency, in the following order of priority: (1) Activities under a Federal award from the Federal awarding agency (USDE) which funded the original program or project, then (2) Activities under Federal awards from other Federal awarding agencies (non-USDE agencies). This includes consolidated equipment for information technology systems.

Notwithstanding the encouragement in 2 CFR §200.307 to earn program income, the non-Federal entity must not use equipment acquired with the Federal award to provide services for a fee that is less than private companies charge for equivalent services unless specifically authorized by Federal statute for as long as the Federal Government retains an interest in the equipment.

When acquiring replacement equipment, the non-Federal entity may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement.

Shared Use:

During the time that equipment is used on the project or program for which it was acquired, the non-Federal entity must also make equipment available for use on other projects or programs currently or previously

supported by the Federal Government, *provided that such use will not interfere with the work on the projects or program for which it was originally acquired.*

First preference for other use must be given to other programs or projects supported by the Federal awarding agency that financed the equipment (USDE). Second preference must be given to programs or projects under Federal awards from other Federal awarding agencies (non-USDE agencies).

Use for non-Federally-funded programs or projects is also permissible. User fees should be considered if appropriate.

State Recommendation:

TEA's General and Fiscal Guidelines strongly encourages subgrantees to develop and approve a policy pertaining to personal use of technology items purchased with grant funds.

The policy should include the following elements:

- A statement detailing that software and/or applications that are solely for personal use should not be loaded/saved onto computing devices purchased with grant funds
- Mechanisms/procedures for ensuring compliance with the policy
- Consequences for noncompliance with the policy

Implementation:

The LEA ensures equipment purchased with Federal funds is used only for the intended purposes and beneficiaries of the specific grant program, with the exception of shared use, if appropriate.

The Campus Principal is responsible for ensuring federally funded supplies are used only for the authorized purposes.

Campus Principals ensures:

- ❑ All federally funded equipment shall be used, as long as needed, for the original grant project, whether or not the project continues to be federally funded.
- ❑ Assets shall be made available for other projects as long as the use does not interfere with the project under which it was originally acquired (it may be appropriate to split or share the costs of the equipment with other fund sources so that each program bears its fair share).
- ❑ When no longer needed for the original grant project, equipment may be used in other federally supported activities (if purchased with state funds, would be used in another state program).

The IT Department in collaboration with Campus Personnel determines when the equipment is no longer needed for the original program that purchased the equipment.

- ❑ Upon receipt of a Property Disposal/ Transfer Request form, the IT Department shall post the change to the database and file the form for audit purposes.
    - A list of all salvage items shall be submitted to the Finance Officer.
    - for approval prior to the disposal. If federally funded, the LEA requests approval from TEA to dispose of the item.
    - The signed list shall be maintained for audit purposes.
    - All fixed assets sold via a public sale, auction, or disposal shall be removed from the fixed assets database.

The LEA does not recommend the use of federally funded equipment be used for personal use. The Campus Principal is responsible for ensuring federally funded supplies are used only for the authorized purposes.

Property Management:

The minimum requirements that must be met for managing equipment (including replacement equipment) acquired in whole or in part under a Federal award are outlined in this section.

Property Records

Requirement:

Property records must be maintained that include:

- A description of the property
- A serial number or other identification number
- The source of funding for the property (including the FAIN)
- Who holds title
- The acquisition date
- Cost of the property
- Percentage of Federal participation in the project costs for the Federal award under which the property was acquired
- The location of the property
- Use and condition of the property
- Any ultimate disposition data, including the date of disposal and sale price of the property

Implementation:

Physical Inventory

Requirement:

Physical inventory of the property must be taken and the results reconciled with the property records at least once every two years. TEA recommends inventory be performed annually.

Implementation:

The LEA performs physical inventory at least every two years. The LEA also conducts inventory testing once a year before the end of the fiscal year.

The LEAs Fixed Assets specialist with the collaboration of the Campus IT Specialists perform an annual inventory (or more frequently if required by a granting agency) of all assets and reconciliation of the inventory reports. The LEA's annual inventory of assets shall be conducted by August 31st of each fiscal year.

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

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

The Fixed Assets Specialist shall be responsible for maintaining the fixed asset database of all district assets, including all federally-funded capital items.

The LEA does not have a central receiving department. Items are either shipped to the Finance Department where it's received, inventoried and shipped to the appropriate location or shipped directed to campuses.

The Fixed assets tracks technology items that don't meet the capitalization threshold but are highly mobile and susceptible to loss such as IPADs, Chromebooks, cameras, etc.

Control System to Prevent Loss, Damage, or Theft

Requirement:

A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.

TEA's General and Fiscal Guidelines state that "while items such as tablet computers, netbooks, and laptops may not meet the capitalization level established by the subgrantee or TEA, it is strongly recommended that these items be inventoried, tracked, and monitored as they are highly mobile and susceptible to loss.

Implementation:

Monitoring of technology items is the responsibility of Campus Principals. They are responsible for the safeguard of highly mobile and susceptible to loss.

Lost, damaged, or stolen assets shall be recorded on the fixed assets database with the date of the loss. The disposition records such as the loss report (police report for thefts) shall be maintained with the asset records.

If the property is allowed to be taken off-site, there should be a sign-in, sign-out process for the inventory of equipment.

If the equipment is lost or suspected to be stolen an investigation is initiated and a police report may be filed. The Campus Principal initiates the report and notifies the Finance Officer of the incident. Restitution may be requested.

Only the original amount OR the replacement cost for a similar item, whichever is less, will be provided

by the LEA. Should the campus wish to "upgrade" the item being replaced, the campus or department will be responsible for providing the additional funds to purchase the "upgrade."

The Finance Office should determine preventive measures to take to avoid further incidents of lost or stolen items.

Maintenance of Property

Requirement:

Adequate maintenance procedures must be developed to keep the property in good condition.

Implementation:

Campus Principals is responsible for ensuring federally funded supplies are used only for intended purpose and ensures that property is maintained in good condition. The Campus must contact the Fixed Assets Specialist if equipment appears damaged or broken. See Local Fixes Assets Procedures for step by step processes to follow.

Sales Procedures

Requirement:

Proper sales procedures must be established to ensure the highest possible return if the non-Federal entity is authorized or required to sell the property.

Implementation:

When equipment is no longer needed for the original intent of the program, a transfer to another federally funded project can be recommended. If the LEA needs to dispose of the equipment, it must do so in the following manner:

- Equipment with current fair market value of less than $5,000 (per-unit) may be retained, sold, or otherwise disposed of with no further obligations to TEA.
- Equipment with current fair market value of $5,000 or more (per-unit) may be retained or sold but TEA shall have right to the proceeds.

Disposition:

When original or replacement equipment acquired under a Federal award is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency, the non-Federal entity must request disposition instructions from the Federal awarding agency if required by the terms and conditions of the Federal award.

Disposition of the equipment will be made as follows, in accordance with Federal awarding agency disposition instructions:

- Items of equipment with a **current** per unit fair market value of **$5,000 or less** may be retained, sold, or otherwise disposed of with *no further responsibility to the Federal awarding agency*.
- When the **current** per unit fair market value is **greater than $5,000**, the Federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the Federal awarding agency's percentage of participation in the cost of the original purchase. If the equipment is sold, the Federal awarding agency may permit the non-Federal entity to deduct and retain from the Federal share $500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.
- The non-Federal entity may transfer title to the property to the Federal Government or to an eligible third party provided that, in such cases, the non-Federal entity must be entitled to compensation for its attributable percentage of the current fair market value of the property.
- In cases where a non-Federal entity fails to take appropriate disposition actions, the Federal awarding agency may direct the non-Federal entity to take disposition actions.

State requirements:

Disposition instructions must be obtained from TEA by submitting the "Inventory Disposition" form that is located on TEA's "Forms for Prior Approval, Disclosure, and Justification" webpage.

The completed disposition form must be submitted to TEA, and approval received when applicable, prior to the actual disposition of the equipment.

All compensation due the Federal awarding agency will be submitted to TEA to return to the Federal government.

Implementation:

The Fixed Assets Specialist determines whether the terms and conditions of the specific Federal award require the LEA to request disposition instructions when the equipment is no longer needed by that Federal program or any other Federal program.

Disposal of Federally Funded Assets:

- ❑ When equipment is no longer needed for the original project or another federally funded project, dispose of the equipment in the following manner:
    - Equipment with current fair market value of less than $5,000 (per-unit) may be retained, sold, or otherwise disposed of with no further obligations to TEA.
    - Equipment with current fair market value of $5,000 or more (per-unit) may be retained or sold but TEA shall have right to the proceeds.
- ❑ TEA reserves the right to transfer title to another grantee for noncompliance or as needed after the project ends (regardless of how equipment is classified).
- ❑ At the conclusion of a local grant project, TEA may request a list of equipment purchased with grant funds. The grantee must request disposition instructions from TEA. For most TEA discretionary grants, if a local project is ending and the grantee no longer needs equipment purchased with grant funds, and if the equipment is relatively up-to-date and in good working order, TEA, at its discretion, may instruct the grantee to transfer the equipment to another viable grantee.
- ❑ Disposal of all federally funded assets shall be tracked in the fixed assets database, including a disposition date and method for audit purposes.
- ❑ No property may be disposed of without a written permission from Finance Officer and Superintendent/CEO.

- It is important to note that as a non-profit organization, it is inappropriate to dispose of items by just giving them away to staff, friends or any other person. Once approved for disposal, they must be disposed of properly.

If the current fair market value is greater than $5,000 (or the LEA's Local Capitalization Policy), the Inventory Form is submitted to TEA with required information regarding original purchase data and reason for disposition or transfer, including notification that the equipment was stolen or lost, if applicable.

Once Approved by TEA the LEA may retain, sell, or otherwise dispose of the item with no further obligation to TEA or to the Federal government.

Supplies and Materials 2 CFR §200.314

Requirement:

Title to supplies will vest in the non-Federal entity upon acquisition. If there is a **residual inventory of unused supplies exceeding $5,000 in total aggregate value** upon termination or completion of the project or program and the supplies are not needed for any other Federal award, the non-Federal entity must retain the supplies for use on other activities or sell them, but must, in either case, compensate the Federal Government for its share. The amount of compensation must be computed in the same manner as for equipment.

State requirements:

Disposition instructions must be obtained from TEA by submitting the "Inventory Disposition" form that is located on TEA's "Forms for Prior Approval, Disclosure, and Justification" webpage.

The completed disposition form must be submitted to TEA, and approval received if applicable, prior to the actual disposition of the supplies.

All compensation due the Federal awarding agency will be submitted to TEA to return to the Federal government.

The aggregate value of supplies being considered for disposal is the total of all supplies, regardless of type, the LEA seeks to dispose.

Implementation:

If the unused supplies or materials purchased with Federal grant funds have an aggregate current fair market value of $5,000 or less (or the LEA's Local Capitalization Policy), the Inventory Form is submitted to TEA to inform TEA that the supplies are no longer needed for the original program or for any other programs funded by USDE grants. The LEA may retain, sell, or otherwise dispose of the supplies and materials with no further obligation to TEA or to the Federal government.

If the unused supplies or materials purchased with Federal grant funds have an aggregate current fair market value greater than $10,000 (or the LEA's Local Capitalization Policy), the Inventory Form is submitted to TEA with required information regarding original purchase data and reason for disposition or transfer, including notification that the supplies and materials were stolen or lost, if applicable.

The Fixed Assets Specialist determines the current fair market value of the supplies and materials and submits the Inventory Form to TEA.

Property Trust Relationship 2 CFR §200.316

Requirement:

Real property, equipment, and intangible property, that are acquired or improved with a Federal award must be held in trust by the non-Federal entity as trustee for the beneficiaries of the project or program under which the property was acquired or improved. The Federal awarding agency may require the non-Federal entity to record liens or other appropriate notices of record to indicate that personal or real property has been acquired or improved with a Federal award and that use and disposition conditions apply to the property.

Regulations regarding intangible property are located at 2 CFR §200.315.

Implementation:

For identifying and tracking Federally-Funded Assets and supply purchases the LEA shall retained inventory, unless otherwise notified by the granting agency. As LEA property, the LEA may affix a tag, inventory, and dispose of all assets. The LEA procedures shall include the recording of all assets on a database with the following information:

1) Model
2) Date of acquisition
3) Description of asset
4) Serial number, or other identifying number
5) Funding source, i.e. fund code
6) Federal use of asset (percentage)
7) Cost of asset (acquisition cost)
8) Use and condition of the asset (New, Used, etc.)
9) Life of asset
10) Location of asset (building and room number)

Maintaining Asset Inventory & Records

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

The LEA fixed asset procedures shall include an annual inventory (or more frequently if required by a granting agency) of all assets and reconciliation of the inventory reports. [Note Federal requirements CFR 200.313 requires an inventory at least once every 2 years.] It is recommended the Campus Personnel conducts annual inventory of assets by August 31st of each fiscal year. Lost, damaged, or stolen assets shall be recorded on the fixed assets database with the date of the loss. The disposition records such as the loss report (police report for thefts) shall be maintained with the asset records.

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

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

The IT Department and Fixed Assets Specialist shall be responsible for maintaining the fixed asset database of all LEA assets, including all federally-funded assets.

Implementation:

When determining how the LEA will spend its grant funds, Campus Principals will review the proposed cost to determine whether it is an allowable use of Federal grant funds *before* budgeting, obligating, and spending those funds on the proposed good or service. The Campus Principal/Administrator ensures unallowable costs for a specific Federal award are not charged to the grant either directly or indirectly. The Finance office provides a sample schedule of Allowable/Non-Allowable uses for grant funds.

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

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

The LEA ensures:

- that Campus Principals understand how to determine the allowability use of Federal funds.
- that Campus Principals understand that all proposed obligations and expenditures meet the Cost Principles.

If the proposed obligation and/or expenditure is not allowable and/or allocable to a federal grant award, the LEA shall not make the obligation/purchase with the federal grant funds. Other funds, such as local funds, may be used to make the obligation/expenditure, as appropriate.

To assist Campus Principals, the Finance officer in collaboration with the Accounting and Budget Coordinator provide a sample schedule of Allowable/Non-Allowable uses of grant funds. Specific items not listed within the schedule shall be evaluated on case-by-case basis for allowability.

The LEA will adhere to the more restrictive allowability rules when a conflict arises between the general allowability rules, the program-specific allowability rules and the district's allowability rules.

Compensation 2 CFR §§200.430 - 200.431

Compensation for Personal Services

Requirement:

Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits as described in the Fringe Benefits section of this manual.

Costs of compensation are allowable to the extent that they satisfy the specific requirements of 2 CFR §200.430 and that the total compensation for individual employees:

- Is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities;
- Follows an appointment made in accordance with a non-Federal entity's laws and/or rules or written policies and meets the requirements of Federal statute, where applicable; and
- Is determined and supported as provided in the Standards of Documentation of Personnel Expenses, when applicable. See the Standards of Documentation of Personnel section of this manual for the LEA's procedures.

Implementation:

The LEA will ensure the position is an allowable use of funds for the specific Federal award in accordance with the statutes and regulations and terms and conditions of the award.

Reasonableness

Requirement:

Compensation for employees engaged in work on Federal awards will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the non-Federal entity. In cases where the kinds of employees required for Federal awards are not found in the other activities of the non-Federal entity, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the non-Federal entity competes for the kind of employees involved.

Implementation:

The LEA's under the HR Director's guidance determines if salary and wage is considered reasonable and comparable to similar work for employees paid from State and local funds, and/or comparable to that paid for similar work in the labor market.

Documentation of Compensation and Benefit Costs

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

- Exempt staff

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

Professional Activities Outside the LEA

Requirement:

Unless an arrangement is specifically authorized by a Federal awarding agency, a non-Federal entity must follow its written non-Federal entity-wide policies and practices concerning the permissible extent of professional services that can be provided outside the non-Federal entity for non-organizational compensation. Where such non-Federal entity-wide written policies do not exist or do not adequately define the permissible extent of consulting or other non-organizational activities undertaken for extra outside pay, the Federal Government may require that the effort of professional staff working on Federal awards be allocated between:

- Non-Federal entity [LEA] activities, and
- Non-organizational professional activities. If the Federal awarding agency considers the extent of non-organizational professional effort excessive or inconsistent with the conflicts-of-interest terms and conditions of the Federal award, appropriate arrangements governing compensation will be negotiated on a case-by-case basis.

Implementation:

The LEA does not maintain outside arrangements for professional service to be provided outside the non-Federal entity for non-organizational compensation plan.

Special Considerations

Requirement:

Special considerations in determining allowability of compensation will be given to any change in a non-Federal entity's compensation policy resulting in a substantial increase in its employees' level of compensation (particularly when the change was concurrent with an increase in the ration of Federal awards to other activities) or any change in the treatment of allowability of specific types of compensation due to changes in Federal policy.

Implementation:

Increases may be needed as a result of a disaster or unexpected event, such as a pandemic, and increased compensation is desirable in an effort to recruit or retain employees. The Administrative team determine if budgets can sustain such action. If so, the recommendation is taken to the board for final approval.

Please see the Considerations for Disasters or Unexpected Events section of this manual for additional information.

Incentive Compensation

Requirement:

Incentive compensation to employees based on cost reduction, or efficient performance, suggestion awards, safety awards, etc., is allowable to the extent that the overall compensation is determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the non-Federal entity and the employees before the services were rendered, or pursuant to an established plan followed by the non-Federal entity so consistently as to imply, in effect, an agreement to make such payment.

In accordance with TEA guidance in the FAQ-ESSER I, ESSER II, ESSER III document, AU-A11 and J-Q-11, incentive pay related to performance pay or pay to meet an identified need, must be justified. Additionally, the LEA must have a plan/agreement that governs the pay, and must ensure the compensation is reasonable. Types of incentive compensation include retention bonuses, recruitment bonuses, performance stipends, stipends for additional responsibilities, and extra-duty pay for duties outside the normal workday. The LEA is generally prohibited from using Federal funds to pay for gifts or incentives, including student incentives, other than those described above.

In accordance with 2 CFR §200.463, special emoluments, fringe benefits, and salary allowances incurred to attract professional personnel that do not meet the test of reasonableness and do not conform with the established practices of the non-Federal entity, are unallowable.

Implementation:

The LEA may allow certain special compensation, i.e, incentive compensation include retention bonuses, recruitment bonuses, performance stipends, stipends for additional responsibilities, and extra-duty pay for duties outside the normal workday.

All payroll expenditures shall be paid in accordance with the federal cost principles. Payroll expenditures must be authorized on the grant application and the duties assigned must be directly related to grant activities.

Stipend and extra duty pay expenditures are allowable for authorized and approved activities. All stipends and extra duty pay must be approved by the Superintendent or designee prior to the service date.

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

Prior approval from the Superintendent is required for these types of special compensation. Adequate supporting documentation shall be submitted before compensation can be approved.

Please see the Considerations for Disasters or Unexpected Events and Standards for Documentation of Personnel Expenses sections of this manual for additional information.

Fringe Benefits

Requirement:

Fringe benefits are allowances and services and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave (vacation, family-related, sick or military), employee insurance, pensions, and unemployment benefit plans. Except as provided elsewhere in the Federal Cost Principles of 2 CFR Part 200, Subpart E, the costs of fringe benefits are allowable provided that the benefits are reasonable and are required by law, non-Federal entity-employee agreement or an established policy of the non-Federal entity.

- *Leave.* The cost of fringe benefits in the form of regular compensation paid to employees during period of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met:
    - They are provided under established written leave policies;
    - The costs are equitably allocated to all related activities, including Federal awards; and,
    - The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.
- *Fringe benefits.* The cost of fringe benefits in the form of employer contributions or expenses for social security; employee life, health, unemployment, and worker's compensation insurance (except as indicated in 2 CFR §200.447); pension plan costs (for pension plans financed on a pay-as-you-go method, allowable costs will be limited to those representing actual payments to retirees or their beneficiaries); and other similar benefits are allowable, provided such benefits are granted under established written policies. Such benefits must be allocated to Federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are chargeable to such Federal awards and other activities, and charged as direct or indirect costs in accordance with the non-Federal entity's accounting practices.
- *Additional information regarding fringe benefits with Federal awards* is described in 2 CFR §200.431.

Implementation:

LEA costs allowable fringe benefits for federally-funded staff as noted below:

- All benefit costs shall be in accordance with the LEA's written Summary of Employee Benefits
- All leave benefits shall be in accordance with the LEA's written Leaves and Absences Policy

- The benefit costs shall be distributed equitably at the same allocation rate (percentage) as the base compensation
- The benefit costs were earned and paid during the grant period
- All benefit costs shall be allowable under the Internal Revenue Service, Fringe Benefits Guide (as subjected to taxes, as required by federal statute)

The LEA does not charge any benefit costs to a federally-funded grant if the benefit costs are not in accordance with LEA's written Summary of Employee Benefits, School Board Policy, or other written benefit plan(s). The LEA has established the following as **non-allowable** benefit costs:

- Severance or settlement agreement payouts to current and/or previous federally-funded grant staff [NOTE. These costs are allowed subject to strict guidelines – LEA option to include or exclude.]
- Optional pension plans (other than the mandatory Teacher Retirement System of Texas contributions). [NOTE. These costs are allowed subject to strict guidelines – LEA option to include or exclude.]
- Automobile costs or allowances

Funding Neutral Local Compensation and Leave Plan/Policy

The LEA applies its compensation and leave plan/policy consistently to all employees, regardless of the fund source used for compensation: Federal funds, state funds, or local funds.

Relocation Costs of Employees 2 CFR §200.464

Requirement:

Relocation costs are costs incident to the permanent change of duty assignment (for an indefinite period or for a state period of not less than 12 months) of an existing employee or upon recruitment of a new employee. Federal regulations regarding the use of Federal funds for relocation costs are outlined in 2 CFR §200.434. Reimbursement to the employee is in accordance with an established written policy consistently followed by the employer.

Implementation:

The LEA's does not include relocation costs for reimbursement.

Standards for Documentation of Personnel Expenses 2 CFR §200.430(i)

Requirement:

Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into the official records of the non-Federal entity;
- Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities;

- Encompass Federally-assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- Comply with the established accounting policies and practices of the non-Federal entity;
- Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity;
- Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that: (a) The system for establishing the estimates produces reasonable approximations of the activity actually performed; (b) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and (c) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal award based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.
- In accordance with Department of Labor regulations implementing the Fair Labor Standards Act (FLSA) (29 CFR part 516), charges for the salaries and wages of nonexempt employees, in addition to the supporting documentation described in this section, must also be supported by records indicating the total number of hours worked each day.
- Salaries and wages of employees used in meeting cost sharing or matching requirements on Federal awards must be supported in the same manner as salaries and wages claimed for reimbursement from Federal awards.
- Substitute processes or systems for allocating salaries and wages to Federal awards may be used in place of or in addition to the records described in this section if approved by the cognizant agency for indirect cost [TEA].
    - TEA has approved a Substitute System of Time and Effort Reporting for eligible LEAs and eligible LEA employees to use to reduce the burden of monthly documentation.
    - Please see the Substitute System of Time and Effort Reporting section of this manual for more information.
- For a non-Federal entity where the records do not match the standards described in 2 CFR 200.430(i), the Federal Government may require personnel activity reports, including prescribed certifications, or equivalent documentation that support the records as required in 2 CFR 200.430(i).

Implementation:

The LEA will maintain documentation of allocability to a Federal award for all employee compensation paid in full or in part with a Federal award. Time and Effort Semi-Annual Periodic Certification forms are filed for applicable staff in the even that an employee worked (100% of the time) on the single cost objective. If there is multiple cost objectives for employee time, we utilize the Substitute System of Time and Effort.

The regulations in 2 CFR §200.430(i) provide flexibility for the LEA's processes regarding time distribution records, provided the LEA's procedures comply with the documentation standards outlined in the regulations.

Employees Working on a Single Cost Objective

A single cost objective may be a single function, a single grant, a single activity, or applicable to one specific student population type.

- It is possible to work on a single cost objective even if an employee is paid from more than one Federal award IF the employee's activities could allowably be fully funded from either grant, if funds were sufficient. Example:
    - A preschool special education teacher works 100% of the time teaching preschool students with disabilities and is funded partially from IDEA-B Formula funds and partially from IDEA-B Preschool funds.
    - Teaching preschool special education is an allowable activity under both IDEA-B Formula (ages 3-21) and IDEA-B Preschool (ages 3-5). Since the teacher's compensation could be paid 100% from either grant, if funds were sufficient, it is considered a single cost objective.
- It is possible to work on a single cost objective even if an employee is paid from a Federal award and a non-Federal award IF the employee's activities could allowably be fully funded from the Federal award alone, if funds were sufficient. Example:
    - A special education teacher works 100% of the time teaching students with disabilities and is funded partially from IDEA-B Formula funds and partially from the state Special Education Allotment from the Foundation School Program (FSP).
    - Teaching students with disabilities is an allowable activity under both fund sources and could be fully funded from the IDEA-B grant alone, if funds were sufficient. Therefore, this qualifies as a single cost objective.

Key to Determining Whether an Employee Works on a Single Cost Objective:

If the employee's compensation can be supported in full from each of the funding sources, if funds were sufficient, and all activities are allowable with each funding source, the employee is working on a single cost objective.

Time Distribution Record Required for Single Cost Objective Employees:

Semi-Annual Periodic Certification form with the following elements:

- Employer's Name
- Employee's Name and Position Title
- Single Cost Objective under which the employee worked (This is the activity, not the fund source. For example: special education program.)
- Fund source(s); Example: IDEA-B Formula. Example: IDEA-B Formula and state special education allotment.
- Reporting period (may be less than six months, but not exceed six months) The LEA considers end of semesters as the reporting period.
- Statement that the employee worked solely (100% of the time) on the single cost objective

- Dated signature must be signed after-the-fact, on or after the ending date of the certification period, by the employee or the supervisor with first-hand knowledge of the employee's activities; The LEA requires a signature from either the employee or the supervisor.

- The Semi-Annual Periodic Certifications are submitted semi-annually to the Campus Principal for review of accuracy and compliance with the requirements. The Semi-Annual Certificates are then forwarded to the Finance Office for final approval and cost reconciliation.

- Blanket Certification: In lieu of the Semi-Annual Periodic Certification for Single Cost Objective Employees, the LEA may implement Blanket Certifications.
  The LEA may Blanket Certifications in lieu of the Semi-Annual Periodic Certification for Single Cost Objective Employees]
    - The blanket certification contains all the elements of the Semi-Annual Periodic Certification but lists all the employee names working on the single cost objective and is signed by an LEA official
    - The blanket certification reduces the administrative burden of individual certifications from each employee working on the single cost objective
    - A separate blanket certification is completed for each specific single cost objective (for example, one blanket certificate would list all employees working on the special education cost objective, while a separate blanket certificate would list all employees working on a different cost objective).
    - Auditors typically expect to see Semi-Annual Periodic Certifications for single cost objective employees, so if your LEA adopts the use of Blanket Certifications, refer the auditor to your procedures manual if the auditor questions costs for single cost objective employees

LEA may use Blanket Certifications in lieu of the Semi-Annual Periodic Certification for Single Cost Objective Employees. Campus Principals ensure submittal of the blanket certificates to the Finance Officer.

Special Consideration for Employees Working Under a Single Cost Objective and Funded out of ESSER I, ESSER II, or ESSER III

USDE guidance has indicated that time and effort documentation is not required for employees working under ESSER I, ESSER II, or ESSER III, except in certain instances of multiple cost objectives.

LEA may choose to use Blanket Certifications in lieu of the Semi-Annual Periodic Certification for Single Cost Objective Employees for employees funded under the ESSER awards. Same process applies as with other federal grants.

Employees Working on Multiple Cost Objectives

An employee is working on Multiple Cost Objectives if the employee works on:

- Multiple functions, grants, or activities, or student population types, that cannot allowably be fully funded from any of the fund sources alone, if funds were sufficient, such as:
    - Working on more than one Federal award, if the activities cannot allowably be fully funded from each Federal award

- Working on a Federal award and non-Federal award, if the activities cannot allowably be fully funded from the Federal award alone
- An indirect cost activity and a direct cost activity
- An unallowable activity and an allowable direct cost activity or indirect cost activity
- Multiple student population types, if the activities cannot allowably be fully funded from any of the fund sources alone, if funds were sufficient

Examples of separate cost objectives for **Title I, Part A** (includes, but may not be limited to):

- Title I, Part A campus-level program activities applicable to public school students
- PNP (Public Non-Profit) Equitable Services (program, not administrative) (PS3101 grant schedule)
- PNP Equitable Services Administration (PS3101 grant schedule)
- Administration of Title I, Part A programs, including administration of Title I, Part A programs for students at facilities for neglected and delinquent (PS3101 grant schedule)
- Districtwide Parent and Family Engagement activities (PS3101 grant schedule)

If an employee works on only one of these cost objectives, the employee is working on a single cost objective. If an employee works on more than one of these cost objectives, the employee is working on multiple cost objectives.

Key to Determining Whether an Employee Works on Multiple Cost Objectives:

If the employee's compensation cannot be supported in full from each of the funding sources because all the activities are not allowable with each funding source, or if the employee is working on more than set-aside or reservation within a grant, the employee is working on multiple cost objectives.

Time Distribution Record Required for Multiple Cost Objectives Employees:

Alternative to Monthly PAR for Multiple Cost Objectives Employees for Certain Employees

In lieu of the monthly PAR, an employee who works on multiple cost objectives and has a set, pre-determined schedule and works on only one cost objective at a time, may use TEA's Substitute System of Time and Effort Reporting. Please see that section of the manual for more information.

Special Consideration for Employees Working Under Multiple Cost Objectives and Funded out of ESSER I, ESSER II, or ESSER III

USDE guidance has indicated that time and effort documentation is not required for employees working under ESSER I, ESSER II, or ESSER III, except in certain instances of multiple cost objectives.

In accordance with TEA guidance in the FAQ-ESSER I, ESSER II, ESSER III document, GF-Q38, "An LEA must maintain time distribution records (sometimes called "time and effort" reporting) only if an individual employee is 1) split-funded between ESSER and activities that are not allowable under the ESSER program, or 2) split-funded between ESSER and another fund source that requires time and effort documentation.

1. **For positions split-funded where the activities are not allowable under ESSER**, from the ESSER point of view it is likely there will be very few situations in which an employee of an LEA would perform multiple activities where some are not allowable under ESSER, and thus would be required to maintain

time distribution records, given that an LEA is authorized to use funds on "activities that are necessary to maintain the operation of and continuity of services in [an LEA] and continuing to employ existing staff of the [LEA]" in order to "prevent, prepare for, and respond to the COVID-19 pandemic."

2. **If the position is funded between ESSER and another federal grant that requires time and effort**, e.g., IDEA-B **or other federal funds when it is not a single cost-objective**, then time and effort would be required from the other funding source's time and effort requirement. In this case, the ESSER funds would be reflected in the time and effort reporting with the IDEA-B funds for the staff member because federal regulations require that 100% of the person's time be reflected in the time and effort documentation."

Our LEA participates in the Substitute System of Time and Effort Reporting. The LEA requires time and effort records for employees working on multiple cost objectives when ESSER funds are part of the funding sources. This will apply for all **positions funded under ESSER and another federal grant that requires time and effort**, e.g., IDEA-B **or other federal funds when it is not a single cost-objective.**

Substitute System of Time and Effort Reporting

In an effort to reduce the administrative burden of completing monthly PARs, an employee who works on multiple cost objectives and has a set, pre-determined schedule and only works on one cost objective at a time, may submit a semi-annual employee schedule and certificate by using TEA's Substitute System of Time and Effort Reporting.

The following eligibility criteria must be met:

- LEA submits the Management Certification Survey Form for approval to use the Substitute System of Time and Effort Reporting. The link to the management survey form and the submittal deadline are posted on TEA's Substitute System of Time and Effort Reporting webpage.
- Employee **semi-annually** completes the Employee Schedule and Certification. The form is accessed on TEA's Substitute System of Time and Effort Reporting webpage.
- The Employee Schedule and Certification is completed after-the-fact, to document time the employee has actually worked.
- The Employee Schedule and Certification must be signed by both the employee and the supervisor, after-the-fact.
- If the employee's schedule changes by more than 10 percent, a new Employee Schedule and Certification must be completed.
- The Employee Schedule and Certification is not submitted to TEA, but is kept locally.

The Substitute System of Time and Effort Reporting is not applicable to: (a) employees working on a Single Cost Objective, (b) employees who work on multiple cost objectives at the same time, or (c) employees who work on multiple cost objectives but do not have a set, pre-determined schedule and therefore doesn't know from day to day how much time will be spent on each cost objective.

Our LEA participates in the Substitute System of Time and Effort Reporting. The Superintendent submits the LEA Management Certification Survey for enrollment by the deadline each year.

Employees submit the Employee Schedule and Certification the Campus Principal where it's verified for competence and accuracy. After Campus Principals approval it's submitted to the Finance Office for final approval and cost reconciliation.

Stipends, Supplemental Pay, Extra-Duty Pay

Any form of compensation to the employee, whether paid in full or in part with Federal funds, requires time distribution records to ensure allocability to the Federal award.

Stipends, supplemental pay, and extra-duty pay must be applied consistently across the LEA.

The LEA must have a plan/agreement that governs the additional compensation, and must ensure the compensation is reasonable and necessary, meets the intent of the Federal program's statute and regulations, and aligns with an allowable program activity.

Extra-Duty Pay means additional compensation for performing duties that are not included in the employee's regular job description and are performed outside the employee's normal working hours. An example is performing after-school tutoring.

Supplemental Pay, Stipends, or Other forms of Additional Compensation include:

- Retention bonuses,
- Recruitment bonuses,
- Performance stipends,
- Higher Level of Pay for Advanced/Preferred Degree/Certification,
- Supplemental pay for additional responsibilities, such as acquiring professional development during the summer break

Extra-Duty Pay Documentation Requirements:

- Extra-Duty Pay Agreement between the employee and LEA that includes:
    - The reason for the additional compensation
    - A description of the duties/activities to be performed for the additional compensation
    - The timeframe for carrying out the additional activities
    - The documentation requirements to verify fulfillment/completion of the activities
- Documentation from employee that demonstrates the extra-duty pay activities were performed, such as timesheets, report of students served, etc.
- Time Distribution Report: Blanket Certification form completed by the LEA official that lists the employees who received extra-duty pay, purpose/cost objective, fund source, time period
- Current license or certification, if applicable to the Extra-Duty responsibilities

Supplemental Pay/Stipend Agreements

The Campus Principal initiates the Stipend Agreement and ensures completion of required activities prior to payment processing. The Stipend Payment form is submitted to the Finance Office for review, and further review and processing. If it meets all requirements, then final approval is of the Superintendent.

Documentation Requirements for Supplemental Pay for Additional Responsibilities, such as acquiring professional development during the summer break:

- Stipend Pay Agreement between the employee and LEA that includes:
    - The reason for the additional compensation
    - A description of the duties/activities to be performed for the additional compensation
    - The timeframe for carrying out the additional activities
    - The documentation requirements to verify fulfillment/completion of the activities
- Documentation from employee that demonstrates the supplemental pay activities were performed, such as certificate of attendance for professional development received

The Campus Principal initiates the Supplemental Pay Agreement and ensures completion of required activities prior to payment processing. The Blanket Certification is submitted to the Superintendent where it's further reviewed for accuracy. Once approved by the Superintendent is it forwarded to the Finance Officer to ensure it meets grant compliance. If confirmed eligible, then final approval is given.

If the employee receives additional pay, separate from their regular compensation, as a stipend or supplemental pay for recruitment, retention, merit, performance, etc:

- Supplemental Pay Agreement or other type of Payroll Authorization/Acknowledgement form that depicts the reason and amount for the additional compensation
- A complete Supplemental Form listing the employees who will received supplemental pay/stipend includes the purpose/cost objective, fund source, time period.
- Supplemental Forms will include time-keeping records with supporting documentation.

Substitute Teachers and Aides who are employees of the LEA (not contracted):

The LEA pays substitute teachers and aides with state and/or local funds. Therefore, time distribution records are required.

Reconciliation and Closeout Procedures

Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed to ensure proper allocation. Although budget estimates may be used for interim purposes, provided the estimates produce reasonable approximations of the activity actually performed, the LEA must review after-the-fact time distribution records and make all necessary adjustments to ensure the final amount charged to the Federal award is accurate, allowable, and properly allocated.

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

- Ensure that no obligations are made after the grant period end date
- Liquidate all obligations incurred during the grant period
- Submit the final grant program performance report, if any
- Submit the final grant expenditure report, if any
- Drawdown all the expended grant funds (reimbursement request) – Match the grant expenditure draw-downs with the finance general ledger
- Certify that the final drawdown of federal grant funds are accurate (Certification)
- Refund any excess grant funds, interest, or other payables to the granting agency or pass-through agency
- Account for any real and/or personal property on hand at the end of the grant period

Job Descriptions

Job descriptions are considered to be an internal control activity that signifies the employee's understanding of their job duties.

Signed and dated job descriptions are required for all employees paid from Federal funds. Employee job descriptions are signed and dated annually by the employee as acknowledgement that the employee has full knowledge of their duties and responsibilities and the programs under which they are working. Job descriptions are also signed and dated by the employee's immediate supervisor.

Employee job descriptions must be current. Job descriptions are reviewed annually. Job descriptions must be updated as new assignments are made. The HR Director will monitor job descriptions to ensure they are kept up-to-date and that the job descriptions accurately and completely describe the work performed by the specific position.

Employee job descriptions must delineate all program or cost objectives under which the employee works. Job descriptions and duties must be specific to the particular grant program and clearly identify the functions and programs they benefit, including the fund source(s) from which the position is compensated. The HR Director in collaboration with other key positions related to position will ensure the job description aligns the activities of the position to the program goals of the fund source and ties the source of funds to the activity.

If a position benefits multiple cost objectives or programs, the job description will clearly define each cost objective and the responsibilities for each cost objective. The job description will indicate the type of time distribution record that must be completed and how often the record must be completed.

If a position benefits a single cost objective or program, the job description will clearly indicate the employee is assigned 100% to the program. If a position that benefits a single cost objective is funded through multiple sources, a sentence will be added to the job description stating that the position is supported by a single cost objective even though its funding is split among multiple sources.

If a position has administrative duties, the job description will clearly delineate the administrative activities and identify the percentage of administrative activities compared to program

Selection of Grant-Funded Staff

The Accounting and Budget Coordinator shall work collaboratively with the appropriate stakeholders (campuses and departments) to identify all staff needed to accomplish the grant activities. The Accounting and Budget Coordinator shall work collaboratively with the Finance Department to obtain estimated salaries for proposed grant-funded staff prior to the completion of the grant application. And, the Accounting and Budget Coordinator shall provide a copy of the Payroll Summary of each grant program to each of the campuses and departments noted above upon approval of the grant application.

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

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

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

Substitute Teachers

Salary expenditures for substitute teacher are allowable for approved teacher positions. The finance and payroll departments shall ensure that the expenditures for substitute teacher costs are budgeted and expensed from the appropriate account code(s).The School-Board approved substitute pay scale shall be used to compensation all substitute teachers whether paid from local, state or federal grant funds.

Roster of all grant funded staff

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

The home campus or department, human resources, and finance departments shall work collaboratively to ensure that the roster accurately reflects that data maintained in their respective area of responsibility. Discrepancies, if any, in the roster shall be brought to the attention of the grants management department.

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

1) Campus or department – ensure that the grant funded staff are assigned in the position title as noted on the roster. The master schedule or assignment of instructional staff must support the position title and funding source.

2) Human Resources – ensure that the position title and salary are correct as noted on the roster. In addition, the HR department shall ensure that each grant funded staff member has a signed job description on file for the position title noted on the roster. And, the HR department shall ensure that all grant-funded staff meet the state's Certification or are Highly Qualified, as appropriate.

3) Finance – ensure that the funding source(s) and salary are correct as noted on the roster. In addition, the finance department shall ensure that the payroll distribution account code(s) are in accordance with the FASRG.

4) Accounting and Budget Coordinator – ensure that the positions are authorized on the grant application and that the PEIMS Staff Data submitted to TEA is consistent with the position title, Role ID and object code.

The review shall occur on at least a quarterly basis throughout the school year to ensure that the roster of grant funded staff is accurate and up-to-date throughout the year. NOTE: It is critical that at least one of the reviews coincide with the submission of the Fall PEIMS Staff Data to ensure that accurate data is submitted as of the October snapshot date.

Travel Reimbursement

Overview

An LEA employee is entitled to reimbursement of certain travel expenses required by the LEA to conduct official LEA business, subject to certain limitations described throughout this manual.

Whenever Federal, state, and local travel policy differ, the most restrictive is followed.

The LEA must minimize the amount of travel expenses reimbursed by ensuring that each travel arrangement is the most cost-effective, considering all relevant circumstances.

The LEA will properly train employees on travel regulations and keep them informed of any changes in travel rules.

Training on travel regulations is conducted at least once a year to ensure staff is updated on local procedures.

The LEA ensures that all travel reimbursements are examined prior to payment to ensure compliance with all applicable regulations and limitations. The Campus Principals are responsible for this responsibility and Final verification of compliance is done at the Finance Office before payment.

Employees must ensure that their travel complies with applicable laws and rules and must not seek reimbursement for travel expenses that the employee should reasonably know are not reimbursable.

When federal grant funds are used for travel expenditures, the obligation is made when the travel is taken, according to 34 CFR 76.707. Please see the Registration Fees section of this manual for information regarding LEA options for obligation of registration fees.

Definitions Related to Travel

The following definitions were obtained from the Texas Comptroller of Public Accounts located at https://fmx.cpa.state.tx.us/fmx/travel/textravel/gen/def/index.php and modified to meet the LEA's circumstances.

Business Day: Any weekday except a weekday on which a national or state holiday occurs.

Cancellation Charge: A fee, charge or payment that a provider of travel services assesses because of the cancellation or change of a travel reservation or other travel plan. For example, a non-refundable purchase of an airline ticket becomes a cancellation charge when the ticket becomes unusable because of changed travel plans.

Commercial Lodging Establishment: (1) A motel, hotel, inn, apartment, house or similar establishment that provides lodging to the public for pay; or (2) A person or establishment that provides lodging for pay that the Comptroller determines to have a sufficient number of the characteristics of a commercial lodging establishment for the purposes of the Travel Regulations Act, Texas Government Code Section 660.002(5).

Commercial Transportation Company: A company or individual that transports people or goods at a cost.

Comptroller: The Comptroller of Public Accounts.

Designated Headquarters: The area within the boundaries of the city in which an LEA employee's place of employment is located. If an employee's place of employment is located within an unincorporated area, then the area within a five-mile radius of the place of employment is the employee's designated headquarters. If an incorporated municipality or an unincorporated area is completely surrounded by the incorporated municipality in which an employee's place of employment is located, then the employee's designated headquarters includes the surrounded municipality or area.

Disability: A physical or mental impairment of an individual that substantially limits one or more major life activities of the individual.

Duty Point: The destination, other than a place of employment, to which an LEA employee travels to conduct official LEA business. If the destination is outside the employee's designated headquarters, then the duty point is either the incorporated municipality in which the destination is located or the unincorporated area within a five-mile radius of the destination.

Gratuity: Something given voluntarily or beyond obligation, usually in response to or in anticipation of a service.

Incidental Expense: An expense incurred while traveling on official LEA business. The term includes a mandatory insurance or service charge and an applicable tax, except a tax based on the cost of a meal. The term does not include a meal, lodging or transportation expense, a personal expense, an expense an individual would incur regardless of whether the individual were traveling on official LEA business, a tip, or a gratuity.

Lease: A contract with a term of at least one month that gives the lessee possession and use of property or equipment while the lessor retains ownership of it.

Lodging Expense: A charge imposed by a commercial lodging establishment as consideration for providing lodging. The term does not include money paid as a donation, gratuity or tip to the establishment.

Meal Expense: The cost of a meal plus any tax that is based on the meal's cost. The term includes a mandatory service charge or fee imposed in conjunction with a meal. The term does not include a tip or gratuity.

Non-Working Hours: All hours in a calendar day except working hours.

Place of Employment: The office or other location at which an LEA employee most frequently conducts official LEA business.

Rented or Public Conveyance: A motor vehicle, train, aircraft, boat or bicycle that an LEA employee rents or pays a fare to use for a period of less than one month.

Travel Document: A document that consists of one or more travel vouchers or transactions.

Travel Expense: A meal, lodging, transportation, or incidental expense.

Travel Voucher/Form: The paper or electronic form adopted or approved by the LEA that is completed for the purpose of (1) submitting a travel voucher on paper or electronically, (2) supporting the legality and fiscal responsibility of a travel payment or reimbursement, or (3) for both purposes.

Work Day: A day on which a particular LEA employee is regularly required to conduct official LEA business.

Working Hours: The hours during which an LEA employee is regularly scheduled to conduct official LEA business.

Federal Regulations Related to Travel

Federal requirements related to travel, as indicated in 2 CFR §200.475, are listed below. In some instances, state and/or local rules are more restrictive and are notated. Whenever Federal, state, and local policy differ, the most restrictive is followed.

General. Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the LEA. Federal rules allow such costs to be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred*, or on a combination of the two, provided the method used is applied to an entire trip and not selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the LEA's non-federally-funded activities and in accordance with the LEA's written travel reimbursement policies.

Implementation

The LEA utilizes the U.S. General Services Administration (GSA) rates allowable Per Diem Rates to account for all Federal allowable rates.

Lodging and Subsistence. Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the LEA in its regular operations as the result of its written travel policy. In addition, if these costs are charged directly to the Federal award, documentation must justify that: (1) participation of the individual is necessary to the Federal award; and (2) the costs are reasonable and consistent with the LEA's established travel policy.

Temporary Dependent Care Costs. Temporary dependent care costs (as dependent is defined in 26 U.S.C. 152) **above and beyond** regular dependent care that directly results from travel to conferences is allowable provided that: (1) the costs are a direct result of the individual's travel for the Federal award; (2) the costs are consistent with the LEA's documented travel policy for all entity travel [which means the LEA also allows these costs with state/local funds for non-Federal award travel]; and (3) are only temporary during

the travel period. Travel costs for dependents are unallowable, except for travel of duration of six months or more with prior approval of the federal awarding agency.

Implementation

The LEA **does not** allow temporary dependent care costs, as described above, with state and/or local funds for non-federally funded travel, and therefore, such costs are not allowable with federal funds.

Commercial Air Travel. Airfare costs in excess of the basic least expensive unrestricted accommodations class offered by commercial airlines are unallowable except when such accommodations would: (1) require circuitous routing; (2) require travel during unreasonable hours; (3) excessively prolong travel; (4) result in additional costs that would offset the transportation savings; or (5) offer accommodations not reasonably adequate for the traveler's medical needs. The LEA must justify and document these conditions on a case-by-case basis in order for the use of first-class or business-class airfare to be allowable in such cases.

The LEA **does not** approve first-class or business-class airfare would be acceptable.

State Regulations and Local Policy & Procedures for Travel Reimbursement

State travel rules are more restrictive than the federal requirements, therefore, state rules are followed. If local rules are more restrictive, they are notated in this manual accordingly. Mileage, lodging, and meal reimbursement rates and rules published by the Texas Comptroller of Public Accounts ("Comptroller") on the Textravel webpage apply to all grants funded by TEA for individuals on travel status.

Out-Of-State Travel

The LEA will follow TEA guidelines for Federally funded program-related out-of-state travel, including required justification. The LEA must maintain appropriate documentation that the out-of-state travel is reasonable, necessary, allocable to the Federal grant program, and has a programmatic purpose. If the professional development is available in-state, the cost of out-of-state travel is not considered reasonable.

If out-of-state travel is identified as allowable by program guidelines associated with the Federal grant, and the LEA chooses to use grant funds for out-of-state travel, the LEA must complete and retain locally TEA's "Justification for Out-of-State Travel" form. The form is accessible on TEA's "Forms for Prior Approval, Disclosure, and Justification" webpage.

Implementation

No out of state travel is allowed unless the Board determines out-of-state travel is reasonable and necessary for programmatic purpose.

Transportation Expenditures: Mileage in Personal Vehicle

An employee is entitled to be reimbursed for mileage incurred to conduct LEA business.

The reimbursement may not exceed the product of the actual number of miles traveled for business and the maximum reimbursement rate posted on the Comptroller's Textravel webpage for Current Rates.

The LEA is not required to reimburse employees at the maximum rate, but may specify a mileage reimbursement rate that is lower than the maximum allowable rate per mile posted on the Comptroller's

Textravel webpage for Current Rates. The LEA must notify affected individuals in writing about the lower rate before implementing it.

The LEA reimburses according to local policy rate, if applicable use the rates posted on the Comptroller's webpage. For Federally funded travel, the GSA rates may apply.

The number of reimbursable miles may not exceed the number of miles of the most cost-effective, reasonably safe route between an employee's origin of travel and the final duty point. In determining the most cost-effective reasonably safe route, the LEA may consider the route that provides the shortest distance, the quickest drive time or the safest road conditions.

The number of miles traveled by an employee for LEA business may be determined by point-to-point itemization. Point-to-point mileage may be documented by an employee's vehicle odometer reading or by a readily available online mapping service. The LEA must adopt by internal policy one online mapping service to be used by LEA employees. The LEA adopts the Google Map (online) mapping tool to be used. The itemization must be sufficiently detailed for the LEA to verify the number of miles.

The LEA may determine when it is appropriate to reimburse an employee for mileage between a residence and an airport. The mileage reimbursement is limited to the cost of one two-way trip to and from the airport in the employee's personal vehicle plus parking at the airport. The LEA may determine when it is appropriate to reimburse the mileage costs associated with transporting an employee to (two-way trip) and from (two-way trip) the airport.

An employee may not be reimbursed for mileage incurred in traveling between the employee's residence and place of employment in a personally owned or leased motor vehicle unless the travel is necessitated by extraordinary circumstances and occurs outside of the hours the employee is working. The same restrictions and requirements that apply to the use of a personally owned vehicle apply to an employee's use of mass transit, taxi, or limousine when traveling between an employee's residence and place of employment.

Documentation Requirements for Mileage Reimbursement:

If a readily available mapping service is used to determine the number of miles, the name of the service used must be documented. If the employee does not use the online mapping service adopted by the LEA for mileage reimbursement purposes, justification must be given.

Transportation Expenditures: Rental Vehicles

Implementation

An employee is entitled to reimbursement for the cost of renting a vehicle to conduct LEA business.

The reimbursement includes all applicable taxes and mandatory charges. It also may include a charge for a collision damage waiver or a loss damage waiver if not already included in the contracted rate for the rental. A charge for an additional driver may only be reimbursed if incurred for a business reason. A charge for a liability insurance supplement, personal accident insurance, safe trip insurance or personal effects insurance is not reimbursable.

When at least two LEA employees share a rental vehicle, each employee is entitled to be reimbursed for their share of the rental cost.

All car rentals are done on account and must have prior approval from the Superintendent. The LEA does not reimburse employees for car rental expense. Exceptions to this may be waived by the Superintendent.

Documentation Requirements for Rental Vehicle Reimbursement:

To be reimbursed for a rental expense, the employee must provide proof that the expense was incurred. A complete receipt issued by the rental company serves this purpose.

The receipt must include the following:

- The name of the rental company
- The name of the employee renting the vehicle
- The starting and ending dates of the rental
- An itemization of expenses incurred
- Proof of payment

If the receipt does not include all of the above listed items, the rental contract may also be included to provide that information.

Transportation Expenditures: Mass Transit, Taxis, or Limousine

An employee is entitled to be reimbursed for the actual cost of transportation by bus, subway, other mode of mass transit or taxi if incurred to conduct LEA business. The cost is only reimbursable if provided by a commercial transportation company.

An employee is entitled to be reimbursed for the actual cost of transportation provided by a network transportation driver (Uber, Lyft, etc.) if incurred to conduct LEA business and if it was the most cost-effective mode of transportation available considering all relevant circumstances.

An employee is entitled to be reimbursed for the actual cost of transportation by limousine only if it was the most cost-effective mode of transportation available considering all relevant circumstances.

If a taxi or limousine is shared by two or more employees, only the employee who paid for the transportation may be reimbursed for that expense. The other employees may be reimbursed only for charges imposed on an individual-by-individual basis.

Documentation Requirements for Mass Transit, Taxi, or Limousine:

State law does not require a receipt for reimbursement of travel by bus, subway, other mode of mass transit, taxi, limousine or network transportation driver; however supporting documentation must itemize the date and the fare charged for each trip.

LEA requires a receipt for reimbursement for taxi services, shuttle from hotel/airport costs.

Transportation Expenditures: Commercial Air Transportation

An employee is entitled to be reimbursed for the actual cost of commercial air transportation incurred to conduct LEA business. The reimbursement may not exceed the cost of the lowest available airfare between the employee's designated headquarters and the employee's duty point.

All airfares are book directly on account and there should not be a need for an employee to seek reimbursement.

Charges for excessive baggage must have prior approval and may be reimbursed as long as the travel is related to LEA business and the LEA determines the reasonableness for the reimbursement and the number of bags necessary.

Documentation Requirements for Commercial Air Transportation:

Implementation

An employee is entitled to reimbursement for the cost of commercial air transportation if conducting LEA business.

For an employee to be reimbursed for a commercial air transportation expense, the employee must provide proof that the expense was incurred. A complete passenger receipt issued by a commercial airline company or an itinerary issued by the company or a travel agency serves this purpose.

The receipt or itinerary must include the following:

- The name of the employee and airline
- The ticket number
- The class of transportation
- The travel dates
- The amount of the airfare
- The origin and destination of each flight
- Proof of payment

Transportation Expenditures: Parking

Implementation

The LEA may reimburse an employee for a parking expense incurred while traveling in a personally owned or leased vehicle, rental vehicle, or LEA-owned or leased vehicle. Parking reimbursement will not be paid if none of the mileage or rental cost is reimbursable.

Documentation Requirements for Parking:

LEA employees must submit an original and itemized Public/Parking Transportation Receipt(s) (credit card receipts are not acceptable) in order to be reimbursed. Receipts must show the date, fare charged and transportation company. Valet parking will not be reimbursed, unless the hotel does not have self-parking options.

Transportation Expenditures: Tolls

The LEA may reimburse an employee for tolls when the employee travels in a personally owned or leased vehicle, rental vehicle, or LEA-owned or leased vehicle. Tolls reimbursement will not be paid if none of the mileage or rental cost is reimbursable.

Documentation Requirements for Tolls:

The LEA does not reimburse for toll expenses.

Transportation Expenditures: Four-Per-Car Rule

When LEA employees travel on the same dates with the same itinerary, they must coordinate travel. When four or fewer employees travel on the same itinerary, only one may be reimbursed for mileage. When more that four employees travel on the same itinerary, only one out of every four may be reimbursed for mileage.

Meals Expenditures

An LEA may be reimbursed for a meal expense incurred on a day that the LEA conducts LEA business outside their designated headquarters. The meal expense is only reimbursable if the employee is outside their designated headquarters for at least six consecutive hours.

Meal expenses incurred while traveling to and staying at a duty point the day before LEA business begins and traveling from a duty point the day after LEA business ends are reimbursable. Meal expenses incurred more than one day before or after the LEA business begins or ends are not reimbursable unless the expenses are incurred to qualify for a discount airfare or travel to and from the duty point reasonably requires more than one day.

The employee may only be reimbursed for their actual meal expense not to exceed the maximum meal reimbursement rate for that location. The state travel expense reimbursement rate is not a per diem. The maximum should not be claimed unless the actual expenditures equal or exceed the maximum allowable rate. The reimbursement limit applies without a carry-over from another day.

In-state and out-of-state meals rates are posted on the Comptroller's Textravel webpage for Current Rates.

When an employee travels to more than one duty point outside the employee's designated headquarters without an intermediate return to the headquarters, then the maximum meal reimbursement for the day is equal to the highest of the maximum rates for the duty points visited.

Direct payment of meal expenses: If an LEA directly pays a commercial lodging establishment, a credit card issuer or a travel agency for lodging expenses incurred by the LEA's employee, the LEA may also directly pay meal expenses incurred by the employee at the lodging establishment.

Prohibited Meal Reimbursements:

- *Meal expenses incurred within a designated headquarters*: The LEA may not reimburse an employee for a *meal incurred within the employee's designated headquarters* unless it is mandatory and connected with training, a seminar or a conference.
- *Meal expenses incurred while not conducting LEA business*: An employee may not be reimbursed for a meal expense incurred while not conducting LEA business unless an exception applies. Exceptions are outlined on the Comptroller's Textravel webpage for Exceptions.

- *Gratuities:* Tips or gratuities paid in conjunction with meal expenses are generally not reimbursable. A "mandatory" service charge may only be reimbursed if the service charge is imposed by an establishment and cannot be refused by the customer.
- *Alcoholic beverages:* The LEA may not reimburse an employee for the purchase of an alcoholic beverage.

Documentation Requirements for Meals:

Implementation

Meal receipts are not required by law. However, an LEA may establish an internal policy that employees must submit receipts for meals as a condition for reimbursement.

The LEA requires a receipts for reimbursement for employees while conducting Federally funded activities.

Lodging Expenditures

An employee is entitled to be reimbursed for lodging expenses incurred on a day that the employee conducts LEA business outside their designated headquarters. The lodging expense may only be reimbursed if it is incurred at a commercial lodging establishment. The LEA may not be reimbursed for a lodging expense incurred while not conducting LEA business unless an exception applies. Exceptions are outlined on the Comptroller's Textravel webpage for Exceptions.

Lodging expenses incurred the night before LEA business begins and the night after LEA business ends are reimbursable. Lodging expenses incurred more than one night before or after the LEA business begins or ends are not reimbursable unless the expenses are incurred to qualify for discount airfare or if travel to or from the duty point reasonably requires more than one day.

The LEA may directly pay a commercial lodging establishment, a credit card issuer or a travel agency for lodging expenses incurred by the LEA's employees.

The LEA will use contract travel services, if available, whenever those services provide the most efficient travel resulting in the total lowest cost.

The employee may only be reimbursed for their actual lodging expense not to exceed the maximum lodging rate for that location. The state travel expense reimbursement rate is not a per diem. The maximum should not be claimed unless the actual expenditures equal or exceed the maximum allowable rate. The reimbursement limit applies without a carry-over from another day.

The LEA must use the Federal rates provided by the General Services Administration (GSA) for both in-state and out-of-state travel within the contiguous United States. GSA rates may be accessed at the Comptroller's Textravel webpage for Current Rates or accessed directly at the GSA Per Diem Rates webpage. Federal travel regulations are typically updated on October 1; however, changes may be made at any time during the year. It is possible for two sets of rates to apply to a single trip. If employees are traveling when the rates change, they must use the rates in effect on each specific day of travel.

Increasing the Maximum Lodging Rate:

Under certain circumstances, the maximum lodging rate may be increased.

- *Requesting a higher maximum lodging reimbursement rate:* The LEA may determine that local conditions necessitate an increase in the lodging rate for a particular location for both in-state and out-of-state travel. One reason when to request a higher rate is when there is no safe lodging available at the maximum rate.
- *Reducing meal reimbursement rate to increase lodging rate:* The LEA may claim less than the maximum meal reimbursement rate for a duty point and use the amount of the reduction to increase the maximum lodging reimbursement rate for the duty point. This is allowable for in-state and out-of-state travel.

Sharing Lodging:

- *When each individual sharing lodging is an LEA employee*: When at least two LEA employees share lodging, the LEA must reimburse each employee for their share of the lodging expense. The reimbursement to each employee may not exceed the applicable maximum lodging reimbursement rate. Each employee must submit a travel voucher to receive reimbursement.

- *When only one of the individuals sharing lodging is an LEA employee:* The LEA must reimburse the employee the room rate for a single occupancy or the applicable maximum lodging rate, whichever amount is less.

Inability to obtain reasonable lodging within the duty point:

An employee may be reimbursed for lodging and meals obtained outside of the duty point if the employee was unable to obtain reasonable lodging within the duty point. The lodging expense reimbursement may not exceed the maximum lodging reimbursement rate for the location where the location is obtained. In this situation, the meal expense reimbursement may not exceed the greater of the maximum meal reimbursement rate for the employee's duty point or the maximum meal reimbursement rate for the location where the lodging is obtained.

Multi-day travel to duty point:

When traveling to or from a duty point reasonably requires more than one day, the maximum amount the LEA may reimburse the employee for meal expenses incurred during that day is equal to the maximum meal reimbursement rate for the location in which the lodging was obtained on that day. If lodging is not obtained on that day, then the maximum reimbursement is equal to the maximum rate for the location in which lodging was obtained on the day after or prior. The maximum per commercial lodging establishment that an LEA may reimburse the employee for lodging expenses incurred on a day is equal to the maximum lodging reimbursement rate for the location in which lodging is obtained.

Documentation Requirements for Lodging:

To be reimbursed for a lodging expense, the employee must provide proof that the lodging expense was incurred. This normally takes the form of a lodging receipt.

A lodging receipt issued by a commercial lodging establishment, a travel agency or a broker is acceptable and must include the following:

- The name and address of the commercial lodging establishment
- The name of the employee

- The single room rate
- A daily itemization of the lodging charges
- Proof of payment

Lodging: Hotel Occupancy Taxes

An LEA employee is exempt from paying the state hotel occupancy tax. The employee is not exempt from paying the county or municipal hotel occupancy tax.

The LEA's traveling employee must also submit to the hotel the hotel occupancy tax exempt form when checking in to the hotel to assure that unallowable taxes are not applied toward the total lodging fee.

Exception for travel outside Texas: The employee traveling outside Texas shall be reimbursed for their required payment of hotel occupancy or similar taxes. The taxes are classified as an incidental expense and not as a lodging expense for the purpose of the maximum reimbursement rate for lodging expenses.

Travel Cancellation Charges

The LEA may reimburse an employee for a cancellation charge, related to a travel expense, if the charge is incurred:

- For a reason related to LEA business, or
- For a reason related to LEA business that could not be conducted because of a natural disaster, or
- Because the employee was unable to use transportation that was paid in advance to obtain a cost savings because that employee was ill or had a personal emergency

Please see the Considerations for Disasters or Unexpected Events section of this manual for information regarding Expenditures for Cancelled Services and Travel During Disasters or Unexpected Events.

Discounts and Travel Expenses at No Cost

Implementation

An employee may not be reimbursed for a travel expense unless the employee has incurred the expense.

An employee who receives free transportation or lodging in exchange for mileage, points, or other non-monetary credits has not incurred an expense for reimbursement purposes.

An employee may not be reimbursed for the value or cost of a discount on a travel expense unless the employee paid money to obtain the discount. If the employee paid money to obtain a discount, the employee may be reimbursed the lesser of: the cost of obtaining the discount; and the amount of the discount; and the maximum that may be reimbursed to an employee for the type of travel expense incurred. If the employee receives a discount as a benefit of making unrelated purchases or conducting unrelated business with the provider of the discount, the discount is considered to be provided free to the employee.

An employee may be reimbursed for travel expenses incurred while staying extra days at a duty point to qualify for discount airfare if:

- The amount of the reimbursement plus the amount of the discount airfare is less than the contract airfare or average coach airfare that would be available had the employee not stayed extra days at the duty point; and
- The expenses are the same type of expenses incurred during the other days at the duty point; and
- The LEA determines that the employee's absence for the extra days is not detrimental

Discounts for frequent use of a commercial lodging establishment:

Travel discounts or bonuses earned from travel paid with public funds can only be used for a private purpose if it cannot be used for a public purpose. The LEA determines whether a discount or bonus can be used for a public purpose.

A discount or award given for travel, such as frequent flyer miles, rental car or hotel discounts or food coupons, are not things of value belonging to the LEA and may be used by the employee.

Registration Fees

In accordance with 34 CFR 76.707, the obligation for travel occurs when the travel is taken, which means Federal funds cannot be used for travel expenditures until the travel occurs. The LEA must use a different fund source to pay for expenditures in advance and then reimburse with Federal funds on or after the day of travel.

In accordance with 34 CFR 76.707, the obligation for personal services by a contractor who is not an employee of the LEA occurs on the date on which the LEA makes a binding written commitment to obtain the services.

In accordance with TEA guidance regarding registration fees, in the TEA EDGAR FAQ document, Q,5.3, the LEA has a discretion on how to incur and code the obligation for registration fees: either as travel or as personal services by a contractor.

If obligated as travel (64xx), the registration fee is obligated the day the conference or meeting begins and may not be paid with Federal funds until the travel is taken.

If obligated as personal services by a contractor (62xx), the registration fee is obligated the day the registration is submitted and Federal funds may be used at that time. The benefit of obligating registration fees as personal services by a contractor is that the LEA may benefit from reduced cost registration fees when registering early for conferences or trainings.

Regardless of how the LEA chooses to treat the obligation of registration costs, the LEA must be consistent in its treatment.

The LEA treats registration fees as travel under (64XX).

Travel Requests and Approval Process

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

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

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

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

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

The Principal (s), finance department and Superintendent (as applicable) shall review and approve all travel-related expenditures paid with federal grant funds.

The Finance Officer reviews the following:

1) For federal expenditures: that all original, detailed receipts include an itemized list of what was purchased
2) The traveler has documented a valid reason for the travel which is consistent with the grant guidelines and purpose
3) The travel expenditures meet the allowable cost time and e principles.
4) The travel is not for the Superintendent or other individual (non-employee such as family member, School Board, etc.).
1) The travel is for students during an educational field trip or other approved activity in accordance with grant guidelines and purpose. (Must have TEA Approval)

2) The travel is not for a contractor or consultant for the *their* professional development
3) The travel was approved by the granting agency, as appropriate (for example: out-of-the-country travel)

Record Retention and Access

Records Related to Grant Funds 34 CFR §76.730 and Compliance 34 CFR §76.731

Requirement:

The LEA shall keep records that fully show:

- The amount of funds under the grant or subgrant
- How the LEA uses the funds
- The total cost of the project
- The share of that cost provided from other sources
- Other records to facilitate an effective audit

The LEA shall keep records to show its compliance with program requirements.

Implementation:

The Finance Officer is responsible for ensuring records related to Federal awards and compliance are kept and available upon request.

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

Retention Requirements for Records 2 CFR §200.334

Requirement:

Financial records, supporting documents, statistical records, and all other LEA records pertinent to a Federal award must be retained for a period of three* years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity (TEA).

*Although the Uniform Guidance 2 CFR §200.334 requires record retention for three years, the General Education Provision Act (GEPA) – Enforcement, stipulates that USDE is authorized to seek recovery of misspent funds within five years from the time the LEA received a notice of disallowance decision. 34 CFR §81.31(c)

Therefore, the LEA should retain records for a minimum of five years rather than three years. The LEA retains records for five years.

Exceptions:

- If any litigation, claim, or audit is started before the expiration of the retention period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.
- When the LEA is notified in writing by the Federal awarding agency, cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or pass-through entity to extend the retention period.
- Retention period for records for real property and equipment starts after final disposition.
- When records are transferred to or maintained by the Federal awarding agency or pass-through entity, the retention requirement is not applicable to the LEA.
- Records for program income transactions that occur after the period of performance: In some cases, recipients must report program income after the period of performance. When there is such a requirement, the retention period for the records pertaining to the earning of the program income starts from the end of the LEA's fiscal year in which the program income is earned.
- Indirect cost rate proposals and cost allocation plans: This applies to the following types of documents and their supporting records:
    - Indirect cost rate computations or proposals
    - Cost allocation plans
    - Any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates)

  If submitted for negotiation: If the proposal, plan, or other computation is required to be submitted to the Federal Government (or to the pass-through entity) to form the basis for negotiation of the rate, the retention period for its supporting records starts from the date of such submission.

  If not submitted for negotiation: If the proposal, plan, or other computation is not required to be submitted to the Federal Government (or to the pass-through entity) for negotiation purposes, then the retention period for the proposal, plan, or computation and its supporting records starts from the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.

Implementation

An employee is entitled to reimbursement for the cost of renting a vehicle to conduct LEA business.

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

Requests for Transfer of Records 2 CFR §200.335

Requirement:

The Federal awarding agency must request transfer of certain records to its custody from the LEA when it determines that the records possess long-term retention value. However, in order to avoid duplicate record-keeping, the Federal awarding agency may make arrangements for the LEA to retain any records that are continuously needed for joint use.

Implementation

An employee is entitled to reimbursement for the cost of renting a vehicle to conduct LEA business.

The LEA will comply with instructions from the Federal awarding agency, as applicable.

Methods for Collection, Transmission, and Storage of Information 2 CFR §200.336

Requirement:

The Federal awarding agency and the LEA should, whenever practicable, collect, transmit, and store Federal award-related information in open and machine-readable formats rather than in closed formats or on paper in accordance with applicable legislative requirements.

A machine-readable format is a format in a standard computer language (not English text) that can be read automatically by a web browser or computer system. The Federal awarding agency or pass-through entity must always provide or accept paper versions of Federal award-related information to and from the LEA upon request.

If paper copies are submitted, the Federal awarding agency or pass-through entity must not require more than an original and two copies. When original records are electronic and cannot be altered, there is no need to create and retain paper copies. When original records are paper, electronic versions may be substituted through the use of duplication or other forms of electronic media provided that they are subject to periodic quality control reviews, provide reasonable safeguards against alteration, and remain readable.

Implementation:

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

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

All financial records for the current fiscal year shall be retained for audit purposes in accordance with the district Local Records Retention Schedule. Destruction of records, at the expiration of the records, shall also be in accordance with the district's Local Records Retention Schedule. Note: The Destruction Schedule [list of all records destroyed] is a permanent document. Unless a record that has been destroyed is specifically listed on a Destruction Schedule, it is presumed to still exist.

Access to Records 2 CFR §200.337

Records of non-Federal entities. The Federal awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, must have the right of access to any documents, papers, or other records of the LEA which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes

timely and reasonable access to the LEA's personnel for the purpose of interview and discussion related to such documents.

Extraordinary and rare circumstances. Only under extraordinary and rare circumstances would such access include review of the true name of victims of a crime. Routine monitoring cannot be considered extraordinary and rare circumstances that would necessitate access to this information. When access to the true name of victims of a crime is necessary, appropriate steps to protect this sensitive information must be taken by both the LEA and the Federal awarding agency. Any such access, other than under a court order or subpoena pursuant to a bona fide confidential investigation, must be approved by the head of the Federal awarding agency or delegate.

Expiration of right of access. The rights of access in this section are not limited to the required retention period but last as long as the records are retained. Federal awarding agencies and pass-through entities must not impose any other access requirements upon non-Federal entities.

Restrictions on Public Access to Records 2 CFR §200.338

No Federal awarding agency may place restrictions on the LEA that limit public access to the records of the LEA pertinent to a Federal award, except for protected personally identifiable information (PII) or when the Federal awarding agency can demonstrate that such records will be kept confidential and would have been exempted from disclosure pursuant to the Freedom of Information Act (5 U.S.C. 552) or controlled unclassified information pursuant to Executive Order 13556 if the records had belonged to the Federal awarding agency.

The Freedom of Information Act (5 U.S.C. 552) (FOIA) does not apply to those records that remain under an LEA's control except as required under §200.315. Unless required by Federal, state, or local statute, LEAs are not required to permit public access to their records. The LEA's records provided to a Federal agency generally will be subject to FOIA and applicable exemptions.
Implementation:

The LEA ensures that personal information of both students and employees is protected. The Human Resource Department trains employees on the requirements of the Family Educational Rights and Privacy Act (FERPA). All private information must be requested via the Human Resource Department.

Self-Monitoring and Audit Resolution

Self-Monitoring and Reporting Program Performance 2 CFR §200.329

Requirement:

The LEA is responsible for oversight of the operations of the Federal award supported activities. The LEA must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring by the LEA must cover each program, function, or activity.

The LEA must submit performance reports at the interval required by the Federal awarding agency or pass-through entity to best inform improvements in program outcomes and productivity.

Construction performance reports: For the most part, onsite technical inspections and certified percentage of completion data are relied on heavily by Federal awarding agencies and pass-through entities to monitor progress under Federal awards and subawards for construction.

Implementation:

The Finance Officer with the collaboration with the Accounting and Budget Coordinator will monitor Federal grant-supported activities to assure compliance with applicable Federal requirements and to assure that performance goals are being achieved. Actual accomplishments will be compared to the objectives of the program.

The LEA will self-monitor implementation of their written policies and procedures on an annual basis and update their procedures manual when applicable.

Audit Requirements 2 CFR §200.501

Requirement:

Audit required. A non-Federal entity that expends $1,000,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part.

Single audit. A non-Federal entity that expends $1,000,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single audit conducted in accordance with §200.514 except when it elects to have a program-specific audit conducted.

Exemption when Federal awards expended are less than $1,000,000. A non-Federal entity that expends less than $1,00,000 during the non-Federal entity's fiscal year in Federal awards is exempt from Federal audit requirements for that year, except as noted in §200.503, but records must be available for review or audit by appropriate officials of the Federal agency, pass-through entity, and Government Accountability Office (GAO).

Auditee Responsibilities 2 CFR §200.508

Requirement:

The auditee must:

- Procure or otherwise arrange for the audit required by this part in accordance with §200.509, and ensure it is properly performed and submitted when due in accordance with §200.512.
- Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with §200.510.
- Promptly follow up and take corrective action on audit findings, including preparation of a summary schedule of prior audit findings and a corrective action plan in accordance with §200.511(b) and (c), respectively.
- Provide the auditor with access to personnel, accounts, books, records, supporting documentation, and other information as needed for the auditor to perform the audit required by this part.

TEA Guidance Regarding Single-Audit Requirements

TEA's Monitoring of Single-Audit Findings webpage provides guidance and information regarding the single-audit requirement.

The LEA must submit the single-audit report to TEA with their annual financial and compliance reports (AFRs) and must also submit their AFRs to the Federal Audit Clearinghouse.

Implementation:

The Finance Officer determines if the LEA is required to have a single-audit conducted by an independent auditor and submits the AFR to TEA and to the Federal Audit Clearinghouse.

The Superintendent and Finance Officer reviews the results of audits. The Superintendent initiates LEA initiate corrective action and monitors the implementation process.

Considerations for Disasters or Unexpected Events

In this section of the manual, considerations are addressed for disasters or other unexpected events, such as a pandemic, that results in an interruption of operations or services, including closure to the LEA's buildings.

The LEA will follow TEA guidance and the applicable statutes, regulations, and terms and conditions of Federal disaster awards or Federal stimulus awards.

Compensation During Times of Interruption of Operations or Services

If a disaster or other unexpected event, such as a pandemic, results in an interruption of operations or services, or closure to the LEA's buildings, the LEA will continue to pay Federally-funded salary and hourly-wage staff who, as a result of the interruption or closure, are (1) on administrative leave, or (2) teleworking, consistent with how the LEA is paying state or locally funded staff.

If an employee's duties or responsibilities change as a result of the disaster or unexpected event, the employee's job description will be updated to reflect the activities. Federal funds cannot be charged for duties that are not aligned to the purpose and intent of the grant.

Federally-funded staff working on multiple cost objectives should maintain the same type time and effort documentation as normal. If that is not possible, the LEA will allocate the charges to the Federal award based on an average of the employee's last three months' documented time and effort records.

Premium pay (overtime) may be paid during disasters or other unexpected events upon Board Approval, such as a pandemic. Premium pay during a disaster or unexpected event will be based upon budget approval. Special compensation specifications are identified before approving the premium pay.

Please see the Special Considerations and Incentive Compensation sections of this manual for additional information regarding increased compensation during a disaster or unexpected event, such as a pandemic.

Expenditures for Cancelled Services

As a result of a disaster or unexpected event, such as a pandemic, some services that were cancelled might have certain fees still charged.

Federal grant funds may be used to reimburse unrefunded costs, provided:

- The LEA seeks to recover nonrefundable costs from the entity
- The LEA seeks to exercise force majeure or emergency provision clauses to the extent possible in light of the disaster or unexpected event, such as a pandemic
- The costs were reasonable and incurred in order to carry out an allowable activity under the grant, consistent with the Federal cost principles of 2 CFR Part 200, Subpart E.

Documentation must be maintained to substantiate the charging of any cancellation or other fees related to the interruption of operations or services, or closure of the buildings.

Travel During Disasters or Unexpected Events

Due to safety or health concerns during a disaster or unexpected event, such as a pandemic, grant-supported travel generally should not be occurring. However, if travel is permitted by Federal, State, or local directives and is the only means to carry out an essential grant function that must be undertaken on a time-sensitive basis during the disaster or unexpected event, and is consistent with the LEA's travel policy, travel insurance is an allowable cost, provided the cost is reasonable and allocable to the grant, consistent with the Federal cost principles of 2 CFR Part 200, Subpart E.

Accounting Records for Expenses Related to the Disaster/Stimulus Funds

The LEA will keep records to document services provided, or expenditures incurred, during disasters or unexpected events, such as a pandemic, that results in an interruption of operations or services, or closures to the LEA's buildings, including:

- The need for the expenditure and justification to substantiate the charging of costs to Federal grant funds related to the interruption of operations or services
- How the expenditure is related to the disaster or unexpected event, such as a pandemic
- The methodology the LEA used to provide services to public schools, and private nonprofit schools, if applicable
- Use of funds and amounts expended
- How the LEA prioritized needs to determine use of funds
- The LEA's timeline for providing services
- Pre-award costs and expenditures, if allowed under the Federal award
- Local option codes in the accounting code structure to identify expenditures related to the disaster or unexpected event, such as a pandemic, including expenditures that will be charged to or reimbursed by a Federal disaster award or Federal stimulus award
- If noncompetitive procurement is used under the emergency or exigency exception, documentation and justification for the noncompetitive procurement

Alternative methods for documentation of services rendered, when sign-in sheets are not feasible due to the disaster or unexpected event, the LEA will substitute other methods of documentation, as deemed acceptable by the LEA.

FEMA (Federal Emergency Management Agency) Documentation should include:

- Force account labor (personnel)
- Force account materials
- Force account equipment (regular time and overtime)
- Rentals
- Contracts
- Donated resources
- Procurement documentation

State Programs – Allotments

State allotments are estimated and paid through TEA's **Summary of Finance**. Actual amounts are calculated at year-end, and a **settle-up** process adjusts funds owed to or from the district. Each special program has required **direct expenditure percentages**:

- Gifted & Talented (PIC 21)* – 0%
- Career & Technical Education (PIC 22) – 55%
- Special Education (PIC 23) – 55%
- State Compensatory Education (PIC 24–30, except 25 & 27) – 55%
- Bilingual/ESL (PIC 25) – 55%
- Early Education (PIC 36) – 100%
- Dyslexia (PIC 37) – 100%
- CCMR Outcomes Bonus (PIC 38) – 55%

*GT is not funded under HB3 but must still be tracked under PIC 21.

*PIC 21 is not a state-funded program as of HB 3 (2019), but should continue to be used to classify GT related
expenses.

Budgeting Special Program Allotments

The per-pupil expenditures of federal, state and local funds, including actual personal expenditures and actual non-personnel expenditures must be in compliance with federal regulations [ESSA and 34 CFR]. As a best practice, the district shall ensure that the appropriate program intent code (PIC) and campus/department organization codes are used during the budget and expenditure processes.

Expenditures coded to PIC 99 (undistributed) and Organization Code 999 will be distributed by TEA using
a methodology that may include: student enrollment by campus, staff FTEs, square footage of buildings (for functions such as 34, 35, 51, etc.), or other methodology as may be determined by TEA.

During the budget process, the estimated state allotment shall be calculated by the Accounting and Budget Coordinator based on prior year special program enrollment and average daily attendance (ADA).

Campus Principals shall be responsible for the programmatic compliance in their respective program(s). Programmatic compliance shall include, but not limited to: program eligibility, program design, instructional delivery, entry/exit procedures, professional development, and certification.

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

The finance department shall be responsible for the financial
compliance in each of these special programs. Financial compliance shall include, but not limited to: budgeting development & monitoring, approval of expenditures, financial reporting to TEA, financial audit, and purchasing with state allotment funds.

As part of the budget adoption process, the Finance Officer shall verify that the proposed budget includes appropriations in each of the special programs of *no less* than the percentages stated above as required direct expenditures for each special program. [Note. If the District does not budget to compliance, it may not spend to compliance.]

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

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

Basic Services – PIC 1X

- **PIC 11 Basic Educational Services**

Enhanced Services – PIC 2X – 3X

- **PIC 21 Gifted & Talented**
- **PIC 22 Career & Technical Education**
- **PIC 23 Special Education**
- **PIC 24 Accelerated Education (State Compensatory Education)**

- **PIC 25 Bilingual and ESL Education**
- **PIC 26 Non-Disciplinary Alternative Education Program**
- **PIC 28 Disciplinary Alternative Education Program – Basic**
- **PIC 29 Disciplinary Alternative Education Program – SCE Supplemental**
- **PIC 30 Title I, Part A Schoolwide Activities related to SCE (Campuses with 40% or more educationally disadvantaged students)**
- **PIC 36 Early Education Allotment**
- **PIC 37 Dyslexia Allotment**
- **PIC 38 College, Career and Military Readiness (CCMR)**

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

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

Budgeting and Compliance

- All program expenditures must follow **federal, state, and local guidelines** (ESSA, 34 CFR, FASRG).
- The **Accounting & Budget Coordinator** estimates allotments during budget development, based on prior-year ADA and enrollment.
- **Principals** ensure programmatic compliance (eligibility, design, delivery, PD, certifications).
- The **Finance Department** ensures financial compliance (budgeting, monitoring, reporting, audits, purchasing).

Staff Full-time Equivalents (FTEs) and Payroll Account Coding

At the beginning of each school year, the salaries of all staff should be determined based on their position and assignment. Specifically, we need to know the following:
▪ What the employee will do? Determines the function code
▪ What is the FLSA status of employee? Determines the object code [Exempt staff – 6119 and Non-exempt staff – 6129]
▪ Where the employee will work? Determines the organization code (may be split)
▪ Who will benefit? Determines the population served or PIC (may be split)

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

Campus Principals shall be responsible to ensure that any changes to staff assignments are submitted to the Chief Financial Officer within five (5) days of the assignment change. The prior process of verifying

the FTEs/account codes, approval of the FTE report, and submission of the reports to the payroll department shall occur upon the receipt of assignment changes.

The staff FTEs by special program shall be reported to TEA through the PEIMS data submissions. Campus
principals shall be responsible for developing procedures to ensure that all staff, especially instructional staff, has the correct populated served code in the campus master schedule.

State Allotment Program Expenditures Compliance

Throughout the fiscal year and at the end of the fiscal year, the Chief Financial Officer, shall calculate the periodic and final spend percentages for each special program. The allocated expenditures by program intent code (PIC) shall be used to determine compliance. In the event that direct expenditures fall below the mandated percentages, the Chief Financial Officer shall ensure that the deficit amount is budgeted in the following fiscal year. The deficit amounts, if any, shall be provided by the Chief Financial Officer to
the Special Program Administrators no later than October 1st for planning and budgeting purposes. The Special Program Administrators shall submit the proposed budget to the Chief Financial Officer no later than November 1st of the following fiscal year.

The TEA Special Allotments Monitoring Program (SAMP) methodology and expenditure rate calculation worksheet shall be used by the finance department, specifically the Chief Financial Officer, to ensure compliance with required spend percentages.

The SAMP shall include the supplemental state allotment programs:

1.) Special Education
2.) Compensatory Education
3.) Bilingual Education
4.) Career and Technology Education
5.) Gifted and Talented Education
6.) High School Education

Upon receipt of a TEA Preliminary SAMP report, the Chief Financial Officer shall review the report and submit any additional information to TEA within 10 days of the report. If the results of a TEA Special Allotments Monitoring Program report indicate that the district did not over a period of three (3) fiscal years, utilize the state allotment program funds in accordance with TEC, TAC or TEA guidelines, the Finance Officer shall develop a Corrective Action Plan. If the Corrective Action Plan indicates that the district must return state allotment program funds to TEA, the funds shall be submitted to TEA within the allotted time period. If the Corrective Action Plan indicates that the district shall correct operational procedures related to the budgeting and expensing of state allotment program funds, the Chief Financial Officer shall draft and implement the operational procedures.

Monitoring

- The **Finance Officer** verifies that budgets meet minimum required spend percentages for each program.
- Expenditures are monitored during and after the fiscal year. Any shortfalls must be corrected in the next year's budget.
- TEA's **Special Allotments Monitoring Program (SAMP)** is used to verify compliance. If deficiencies are found, the CFO must create and implement a **Corrective Action Plan**.

State Allotment Program Legal Requirements (TEC excerpts)

State laws, specifically Chapter 29, include requirements related to program eligibility and allowable funds. Excerpts from each state allotment program fund requirements are noted in the following sections.

Gifted and Talented

The Gifted and Talented program must adhere to state law, Texas Education Code (TEC) 29.121. Chapter 29 addresses the programmatic guidelines related to eligibility, identification, and program services, and use of funds.

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

Each school district must annually certify to the commissioner that the district has established a program for gifted and talented students as required by Chapter 29 and that the program is consistent with the state plan developed under Section 29.123.

Career and Technical Education (CATE)

The Career and Technical Education program must adhere to state law, Texas Education Code (TEC) 29.181 and TEC 48.106. Chapter 29 addresses the programmatic guidelines related to eligibility, identification, and program services. Chapter 48 addresses the funding weight(s) and allowable costs. Specifically, each school district shall identify students eligible for the CTE program and serve the students in an appropriate manner to obtain state funds.

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

Special Education

The Special Education program must adhere to state law, Texas Education Code (TEC) 29.003 and TEC 48.102. Chapter 29 addresses the programmatic guidelines related to eligibility, identification, and program services. Chapter 48 addresses the funding weight(s) and allowable costs.

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

Submission.

Compensatory Education (SCE)

The Compensatory Education program must adhere to state law, Texas Education Code (TEC) 29.081 and TEC 48.104. Chapter 29 addresses the programmatic guidelines related to eligibility, "at risk" identification, and program services. Chapter 48 addresses the funding formula and allowable costs. The SCE program is funded based on fall PEIMS snapshot count of enrolled students who are reported as economically disadvantaged and the census-based weight associated each identified student's home address. All student identification and enrollment shall meet the special program guidelines in the Student Attendance Accounting Handbook (SAAH). Student enrollment data shall be submitted to TEA through the PEIMS Fall Submission as of the snapshot date. The campus administrator (Principal) and the Child Nutrition Administrator shall be responsible for the collection, maintenance and verification of student home address and free/reduced lunch eligibility respectively.

Specifically, each school district shall identify students eligible for the Compensatory Education program and serve the students in an appropriate manner to obtain state funds. There are fourteen (14) at risk indicators in state law. Districts may also use compensatory education funds to support students who are identified as economically disadvantaged, even if they are not identified as at risk.

The Campus Principal, or designee, at each campus shall be responsible for identification of all at risk students. The
at-risk student enrollment shall be reported to TEA through the PEIMS Fall Submission.

The SCE program compliance is unlike the other special programs in that it requires specific documentation as outlined in the Financial Accounting System Resource Guide (FASRG) Module 9. **The District Improvement Plan (DIP) and Campus Improvement Plans (CIP) are the primary source of documentation for the expenditure of SCE funds**. The DIP and CIPs shall include the SCE goals, strategies, activities and resources (Staff FTEs and budgeted funds).

According to TEA, annually within 150 days after the last day permissible to send data for the PEIMS data FINAL Midyear resubmission 2 (typically late July), the District shall electronically submit a PDF version of the DIP and at least two (2) CIPs through the TEASE system. The determination regarding which CIPs to submit to TEA shall be based on the TEA guidelines in the FASRG, Module 9.1.2 Summary
of Filing Requirements. The District's submission dates shall be as noted below to ensure compliance with this critical requirement.

- Campus Principals shall submit their CIPs to the Corporate Instructional Office **for review.**
- Campus Principals shall submit their final, approved CIPs to the Corporate Instructional Officer **by June 15th.**
- The Superintendent or designee shall submit the DIP and CIPs through TEASE within the 150 day deadline, **or July 1st**, whichever is earlier.

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

Bilingual and ESL

The Bilingual and ESL program must adhere to state law, Texas Education Code (TEC) 29.053 and TEC 48.105. Chapter 29 addresses the programmatic guidelines related to eligibility, identification, and program services. Chapter 48 addresses the funding weight(s) and allowable costs.

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

The Special Program Administrator with oversight responsibility to certify the Bilingual and ESL special program data prior to submission to TEA shall be as noted on the Annual List of Program Coordinators (Exhibit Section].

New Allotments created by HB 3, 86th Legislative Session

House Bill 3 created a three new allotments that will require financial reporting: the dyslexia allotment, the college, career and military readiness (CCMR) outcomes bonus, and the early education allotment. The FASRG has not yet been updated with final rules related to the use of these allotments, but the allotments and statutory language around their use are described below.

The use of the dyslexia allotment must be in accordance with TEC 48.103 and can be used only for a student who is receiving services in accordance with an IEP under Section 29.005 or a plan developed under Section 504, is receiving instruction that meets dyslexia criteria established by the State Board of Education and is provided by a person with specific training in providing that instruction, or that is permitted to use modifications in the classroom or accommodations in the administration of assessment instruments on the basis of having dyslexia or a related disorder. School districts are prohibited from using more than 20 percent of the dyslexia allotment to contract with a private provider to provide supplemental academic services recommended in the student's IEP or 504 plan. Students may not be excused from school to receive these supplemental services.

The use of the early education allotment must be in accordance with TEC 48.108 and can only to fund programs and services designed to improve student performance in reading and math in grades prekindergarten through three, including programs and services designed to assist the district in achieving the goals from the district's early childhood literacy and mathematics proficiency plans adopted under TEC 11.185.

At least 55 percent of the college, career and military readiness outcomes bonus must be used in accordance with TEC 48.110 in grades 8 through 12 to improve college, career and military readiness outcomes.

Key Legal Requirements (TEC, Chapter 29 & 48)

Each special program must meet state laws on eligibility, identification, services, and allowable costs:

- **Gifted & Talented** – TEC 29.121
- **CTE** – TEC 29.181 & 48.106
- **Special Education** – TEC 29.003 & 48.102
- **Compensatory Education** – TEC 29.081 & 48.104
- **Bilingual/ESL** – TEC 29.053 & 48.105
- **New HB3 Allotments**: Dyslexia (TEC 48.103), Early Education (TEC 48.108), CCMR Bonus (TEC 48.110).

Documentation

- **District and Campus Improvement Plans (DIP/CIPs)** must include SCE goals and strategies and are submitted annually to TEA.
- Compliance requires accurate coding, payroll assignment, and program documentation.