



MOUNT PLEASANT

INDEPENDENT SCHOOL DISTRICT

State & Federal Grants Manual

Revised

7/2017



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General Information

The district has established fiscal procedures that apply to all financial transactions regardless of the funding source. Procedures that relate directly and/or indirectly to federal and state grant compliance are indicated with a (†). A separate section in this State & Federal Grants Manual will include specific procedures related to acquiring, expending, and managing grant funds.

In accordance with School Board Policy, BP Local, the Superintendent and administrative staff shall be responsible for developing and enforcing procedures for the operation of the District. These procedures shall constitute the administrative regulations of the District and shall consist of guidelines, handbooks, manuals, forms, and any other documents defining standard operating procedures. Administrative regulations [procedures] are subject to Board review but shall not be adopted by the Board.

Business Department Mission

The Mission of the Mt. Pleasant Independent School District Business Department is to provide support to all District students, staff, parents, and the community and to ensure that all business operations are supportive of the instructional goals and objectives of the district.

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

Business Department Staff

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

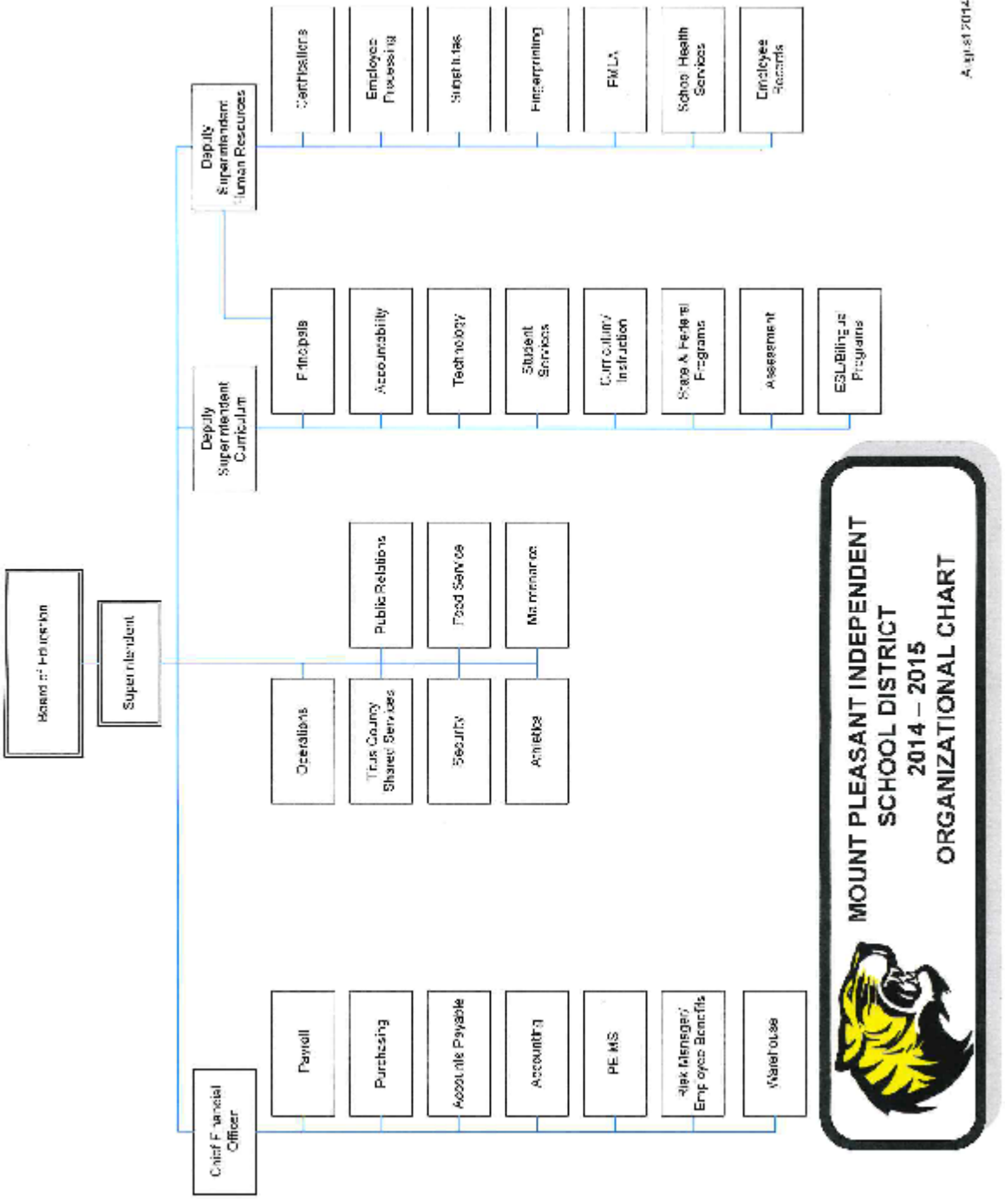
Stacie Thompson	CFO	903-575-2000 ext 1039	sthompson@mpisd.net
Debra Malone	Deputy Super. HR	903-575-2000 ext 1035	dmalone@mpisd.net
Sonia Chavez	Receptionist	903-575-2000 ext 1010	schavez@mpisd.net
Jasmine Navarro	Accounting Clerk	903-575-2000 ext 1015	jnavarro@mpisd.net
Clidene Swafford	Asst. Business Mgr.	903-575-2000 ext 1018	cswafford@mpisd.net
Kim Newman	Benefits/Risk Coord.	903-575-2000 ext 1023	knewman@mpisd.net
Laura Morgan	Purchasing Coordinator	903-575-2000 ext 1026	lmorgan@mpisd.net
Emily Shavers	Accounts Payable Coord.	903-575-2000 ext 1016	eshavers@mpisd.net
Gwen Hill	PEIMS Coordinator	903-575-2000 ext 1024	ghill@mpisd.net
Milton Jones	Warehouse Coordinator	903-575-2000 ext 1008	mjones@mpisd.net
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Jehovana Segovia Human Resources Asst. 903-575-2000 ext 1027 jsegovia@mpisd.net
Mercedes Marroquin HR Coordinator 903-575-2000 ext 1014 mmarroquin@mpisd.net
Liliana Sanchez Human Resources Asst. 903-575-2000 ext 1044 lsanchez@mpisd.net

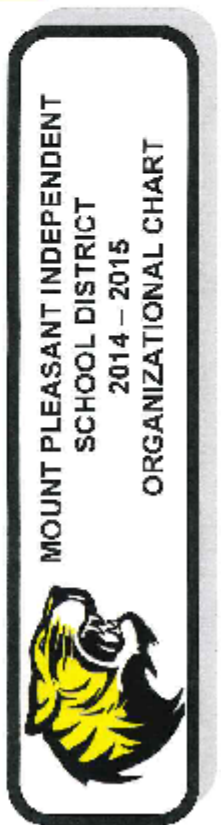
All Business Department staff are expected to comply with the Code of Ethics and Standard Practices for Texas Educators [Board Policy DH], the Mt. Pleasant ISD Standards of Conduct (Employee Handbook <http://www.mpisd.net/employee-handbook/>) and the Employee User Agreement for District Network & Internet Resources. In addition, all Business Department staff shall comply with School Board Policy CAA (Local) regarding fraud.

Each staff member shall have a job description on file in the Human Resources department. Changes to job descriptions should be made when substantial changes occur in job duties or responsibilities.

Organizational Chart



August 2014



Budget Preparation (†)

Each year the district is responsible for preparing and presenting a proposed budget for Board approval. The schedule for preparing the next year's budget begins early in the current school year. The district must adopt a budget not later than August 31st of each year. At a minimum, the Board of Trustees shall adopt a budget that includes the General Fund, Food Service Fund and Debt Service, if any. The budget shall be adopted at the function code level; therefore, any changes to the budget at the functional level, shall be approved by the Board of Trustees. A budget transfer is defined as a transfer of funds which is not across different functions. The Chief Financial Officer shall approve all budget transfers.

STEPS:

- Working documents are submitted to those responsible for oversight of programs in December.
- Meetings are held with principals & directors in April to discuss budget requests and staffing.
- Business Department compiles a preliminary budget to reflect next year payroll calculations along with proposals from program/campus directors/principals. State aid templates are used to calculate state aid. Certified values are used to budget local tax revenues. Enrollment projections are completed. Tentative entitlements are used for budgeting federal grants, if available. Information is presented in draft form for Superintendent review and input.
- Budget work sessions are scheduled in July with the Board of Trustees for review and input.
- The district must publish a notice of budget and tax hearing in August.
- The district conducts a budget and tax hearing to set the district's tax rate in August.
- The budget is adopted by August 31.
- The tax rate is adopted.

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

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

Account Codes (†)

Fiscal control and accounting procedures will permit the tracing of funds to a level of expenditure adequate to establish that funds have been used in accordance with the approved grant application. Grant funds will be accounted for in the District's financial system using the fund, function, object, account, and program intent codes specified in the Texas Education Agency's (TEA) Financial Accounting Standards Resource Guide (FASRG). The FASRG can be found on the TEA's website at http://tea.texas.gov/Finance_and_Grants/Financial_Accountability/Financial__Accountability_System_Resource_Guide/. Account codes specified in the FASRG are the only approved account codes to be used for accounting for grant funds. Fund numbers specified in the FASRG for particular grants will be used for that grant in the event it is awarded to the District. For example, the FASRG specifies 212 to be used for ESEA, Title I, Part A Migrant Education. In the event that no fund number is specified for the grant, the District will use the appropriate locally defined special revenue fund from the FASRG. The FASRG does allow the use of local option codes and these may be utilized if it is determined by the CFO and Grant Manager that the transaction necessitates more description.

Explanation of Basic Code structure

Fund Code – is a 3 digit code used to identify the fund group and specific fund. The first digit refers to the fund group and the second and third digits specify the fund.

Fiscal Year Code – is a single digit code that identifies the fiscal year of the transaction or the project year of inception of a grant project.

Function Code – is a 2 digit code applied to expenditures/expenses that identifies the purpose of the transaction. The first digit identifies the major class and the second digit refers to the specific function within the area.

Object Code – is a 4 digit code identifying the nature and object of an account, a transaction or source. The first of the 4 digits identifies the type of account or transaction, the second digit identifies the major area, and the third and fourth digits provide further sub-classification.

Optional Codes 1-4 (Sub-objects) – a four digit code for optional use to provide special accountability at the local level.

Organization Code – is a 3 digit code identifying the organization.

Program Intent Code – is a 2 digit code used to designate the intent of a program provided to students. These codes are used to account for the cost of instruction and other services that are directed toward a particular need of a specific set of students. The intent (the student group toward which the

instructional or other service is directed) determines the program intent code, not the demographic makeup of the students served.

Financial Accountability System Fund Codes and Account Groups

General Operating Funds (1XX) (state and locally funded)

198X	Athletics
199X	General Fund

Special Revenue Funds (2XX, 3XX, 4XX) (State, locally and federally funded)

205X	HeadStart
211X	ESEA – Title 1, Part A
212X	Title I, Part C – Education of Migratory Children
240X	Food Service
242X	Summer Feeding Program
244X	Vocational education – Carl Perkins Basic Grant
255X	Title II, Part A: Teacher & Principal Training & Recruiting (TPTR)
263X	Title II, Part A: English Language Acquisition & Language Enhancement
270X	Rural & Low Income
284X	Early HeadStart
289X	Summer School LEP
313X	IDEA B Formula
314X	IDEA B Preschool
392X	Noneducation Community-Based Support Services
397X	Exam Awards-Advanced Placement Incentive Program
427X	Pre K
428X	State Funded Pre K
434X	Visually Impaired
437X	Titus County Shared Service Cooperative
461X	Campus Activity Accounts

Debt Service Fund 5XX

599X	Debt Service Fund – used to account for general long-term debt principal and interest for debt issues and other long-term debts for which an ad-valorem tax has been dedicated.
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Capital Projects Fund (6XX)

699X	1999 Capital project fund
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Internal Service Fund Types (7XX funded from various sources)

753X Self-funded Workers Comp

Trust and Agency Funds (8XX)

8XX Activity funds – These funds are held in a custodial capacity by a school district, and they consist of clearing accounts and funds that are the property of students or others. Locally raised revenues used for general operating purposes, such as certain principal’s activity accounts, are not agency funds.

General Fixed Assets & General Long-Term Debt Account Groups (9XX)

901X General Fixed Assets
902X General Long-Term Debt

Financial Accountability System Function Codes

- 11 **Instruction** – for the purpose of directly instructing students including those enrolled in adult basic education programs.
- 12 **Instructional Resources & Media Services** – directly and exclusively for establishing and maintaining libraries and other major facilities dealing with instructional materials and media.
- 13 **Curriculum Development & Instructional Staff Development** – directly and exclusively for in-service training and other staff development involving instructional or instructional related personnel of the district.
- 21 **Instructional Leadership** – directly for managing, directing and supervising general and specific instructional programs.
- 23 **School Leadership** – for general administration of a school campus or similar type of organizational unit. In most cases, function code 23 costs are limited to operating a principal’s office, and include all types of activities pertaining to the operation of that office.
- 31 **Guidance, Counseling and Evaluation Services** – directly and exclusively for assessing and testing students’ abilities, aptitudes and interests; counseling students with respect to career and educational opportunities and helping them establish realistic goals.

- 32 **Social Work Services** – directly and exclusively for promoting and improving school attendance of students, including the promotion of positive student and parent attitudes toward attendance.
- 33 **Health Services** – directly and exclusively for providing health services to individuals.
- 34 **Student (pupil) Transportation** – for providing transportation to students to and from school.
- 35 **Food Services** – for food service operation expenditures, including the cost of food, labor, and other expenditures necessary for the preparation, transportation and storage of food.
- 36 **Extracurricular Activities** – for extracurricular and other purposes that are not essential in the delivery of services for function 11, function code 20 series, or other function code 30 series activities.
- 41 **General Administration** – for purposes of managing or governing the school district as an overall entity, and that cover multiple activities that are not directly and exclusively for costs application to specific functions.
- 51 **Facilities Maintenance & Operations** – for activities to keep the physical plant open, clean, comfortable, safe for use, and keeping the grounds in an effective working condition and state of repair.
- 52 **Security & Monitoring Services** – to be used for expenditures related to keeping student and staff surroundings safe.
- 53 **Data Processing Services** – for non-instructional data processing services, whether in-house or contracted.
- 61 **Community Services** – for activities other than regular public education and adult basic education programs. These types of expenditures are for services or activities, relating to the whole community or some segment of the community, including resources to non-public school, institutions of higher education, and any proprietary types of services incurred for outside entities in the community.
- 71 **Debt Services** – for expenditures that are for the retirement of services fees and for all debt interest.
- 81 **Facilities Acquisition & Construction** – for acquiring, equipping, and/or additions to real property.
- 99 **Other Governmental Charges**

Financial Accountability System Expenditure Object Codes

6100 Payroll Costs

- 6110 Teachers and Other Professional Personnel
 - 6112 Salaries or wages – substitutes for teachers and other professionals
 - 6118 Extra duty pay – teachers and other professional employees
 - 6119 Salaries or wages for teachers/other professionals
- 6120 Support Personal
 - 6121 Extra duty pay/overtime – support personnel
 - 6122 Salaries or wages – substitute support personnel
 - 6129 Salaries or wages-support personnel
- 6130 Employee Allowances
 - 6139 Allowances
- 6140 Employee Benefits
 - 6141 Social security/Medicare
 - 6142 Group health and life insurance
 - 6143 Workers' compensation
 - 6145 Unemployment compensation
 - 6146 Teacher retirement
 - 6149 Other Employee Benefits

6200 Professional & Contracted Services

- 6210 Professional Services
 - 6211 Legal services
 - 6212 Audit services
 - 6213 Tax appraisal & collection
 - 6219 Other professional services
- 6220 Tuition Services
 - 6221 Adult Tuition
 - 6229 Student tuition
- 6230 Regional Education Service Center Services
 - 6239 Regional education service center services
- 6249 Contracted Maintenance & Repair Services
- 6250 Utilities
 - 6259 Other utilities – expenditures for all other utilities not detailed above.
- 6260 Rentals – Operating leases
 - 6269 All other rentals – expenditures for all other rentals not detailed above, including those for equipment, copiers, postage machines, etc.

6300 Supplies & Materials

- 6310 Supplies & materials for maintenance and/or operations
 - 6311 Gasoline & other fuels for vehicles, including buses
 - 6319 Other supplies for maintenance and/or operations
- 6320 Textbooks and Other Reading Materials
 - 6321 Textbooks

- 6329 Other reading materials
- 6330 Testing Materials
- 6339 Testing materials
- 6340 Food Service
 - 6341 Food
 - 6342 Non-Food
 - 6344 USDA commodities
- 6390 Supplies & materials
 - 6399 General supplies
- 6400 Other Operating Expenditures**
 - 6410 Travel & subsistence & stipends
 - 6411 Travel & Subsistence – employee only
 - 6412 Travel & subsistence – students
 - 6419 Travel & subsistence – non-employees
 - 6429 Insurance & Bonding Expenses
 - 6430 Election Expenses
 - 6439 Election expenses
 - 6490 Miscellaneous Operating Expenses
 - 6495 Dues
 - 6499 Miscellaneous operating expenses
- 6500 Debt Service**
 - 6510 Debt Principal
 - 6511 Bond principal
 - 6512 Capital lease- purchase principal
 - 6520 Interest
 - 6521 Interest on bonds
 - 6522 Capital lease – purchase interest
 - 6523 Interest on loans
 - 6590 Other Debt Service Expense
 - 6599 Other debt fees
- 6600 Capital Outlay – Land, Building & Equipment**
 - 6610 Land Purchase and/or improvements
 - 6620 Building purchase, construction or improvements
 - 6630 Furniture & Equipment
 - 6631 Vehicles
 - 6649 Computer equipment, software, & audio/visual eqpt. < \$5000
 - 6639 Other equipment

District Organization Codes

001	High School
003	Disciplinary Alternative School
041	Jr. High
042	Wallace Intermediate
101	Corprew Elementary
102	Sims Elementary
103	Brice Elementary
104	Fowler Intermediate
105	Child Development Center
699	Summer School
701	Superintendent
702	School Board
703	Tax
720	Direct Cost
750	Indirect Cost
752-758	TCSSA – SHARS
751	Special Ed SSA
800	Operations
805	Maintenance
841	Special Ed-Non SHARS
847-858	General Fund-SHARS
872	Transportation
899	ITTC
999	Undistributed

Financial Accountability System Program Intent Codes

10 Basic Services

11 Basic Education Services

20 Enhanced Services

- 21 Gifted & talented education program
- 22 Career & technology
- 23 Services to students with disabilities (Special Education)
- 24 Accelerated education
- 25 Bilingual education & special language programs
- 26 Non-disciplinary alternative education programs AEP
Basic services
- 28 Disciplinary Alternative education program – DAEP
Basic services
- 30 Title I, Part A school wide activities related to state
Compensatory education costs on campuses with
40% or more educationally disadvantaged students

31	High School allotment program
32	Pre K
33	Pre K Special Ed
34	Pre K Comp Ed
35	Pre K Bilingual/ESL
91	Athletics and related activities
99	Undistributed

Encumbrance Accounting (†)

Budgets are the legal authority for expenditures. To exercise this authority, the administrator must have accurate up-to-date information on the status of the budget balances at all times. Knowing how much money has been spent to date is generally not sufficient. The amount *committed* must also be known to avoid over expenditure of budgeted funds. An encumbrance accounting system is a method of ascertaining the availability of funds and then reserving funds to cover outstanding obligations.

Encumbrances represent commitments related to contracts not yet performed, and are used to control expenditures for the year and to enhance cash management. The District will issue purchase orders for the purchase of goods and services to be received in the future. At the time these commitments are made, which in its simplest form means that when a purchase order is prepared, the appropriate account is checked for available funds. If an adequate balance exists, the amount of the order is immediately charged to the account to reduce the available balance for control purposes. The District's financial accounting software automates this process in the following manner:

- A. Campus/department secretary inputs purchase requisition into the PowerSchool system. At this time, the system checks the balance of the account and issues a warning if funds are not available. The secretary inputs a budget transfer, locates other funding sources or cancels the purchase if funds are not available.
- B. Principal and/or Administrator will approve or deny the requisition.
- C. Once approved, the Accounts Payable Coordinator will create a purchase order from the requisition. Upon the creation of a purchase order, the funds will be encumbered or committed from the specified account.

When the invoice comes in and is approved, the budgetary accounts are eliminated and the actual expenditure and related liability are recorded. Any difference between the encumbrance and the expenditure is reflected as an adjustment to the remaining encumbrance balance. The original encumbrance entry is based on the estimated costs of goods and services and may, as illustrated above, differ from the eventual cost of the item.

An encumbrance may be liquidated in whole or in part or canceled when any of the following situations occur:

- Satisfactory receipt and legal acceptance of a shipment of goods or services and payment
- Notice from or failure of the vendor to fulfill terms of the order or contract
- Cancellation of the order
- If funds are not available due to lack of funds

Since many purchase orders are based on catalog prices or quotes subject to changes, amounts of encumbrances may vary from the amounts of expenditures. In any case, the total encumbrance is liquidated at the same amount as originally booked.

For a more detailed description of the requisition and purchase order process, please refer to the Mt. Pleasant ISD Purchasing Procedures Manual at <http://www.mpisd.net/departments/business-services/manuals/>.

General Ledger Maintenance (†)

General ledger entries shall be made on an on-going basis as needed. End-of-the-month and end-of-the-year entries shall be made on a timely basis. End-of-the-year entries shall be made prior to the audit field work by the district's external audit firm.

The CFO shall be responsible for monitoring the general ledger maintenance on a monthly basis. The general ledger shall be reviewed for accuracy in areas such as, but not limited to the following:

- Cash and investment balances equal the respective bank or investment monthly statements
- Aged purchase orders, receivables and payables
- Verify that fund accounts are in balance
- Verify that bank account reconciling items are posted to the general ledger

The detailed general ledger will include the following information for each recorded transaction: (1) a reference number; (2) transaction date; (3) vendor's name; (4) brief description; (5) account code; (6) amount encumbered; and (7) amount paid and/or unencumbered. Detail general ledgers may be accessed at any time in the PowerSchool software by the following path: Applications/Reports/Fund Accounting/Audit Trails/Expenditure Audit Trails.

Journal Entries (†)

All general ledger entries shall be in balance (debits shall equal credits). Source documentation shall be used to document all entries. All journal entries shall be numbered for tracking purposes. An automated numbering system shall be utilized by the district. The CFO, Assistant Business Manager, Accounts Payable Coordinator & Employee/Risk Benefits Manager, in limited instances, shall be authorized to create journal entries and to post journal entries to the general ledger.

All payroll general journals shall be interfaced to the finance system by the CFO. All payroll general journals must be posted to the finance general ledger no later than the actual pay date.

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

School Board Reports should be generated and forwarded to the Board for review. The financial reports shall be reviewed by the School Board.

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

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

The CFO shall review a Summary General Ledger on a quarterly basis to ensure the accuracy of fund accounting.

Data Entry and Validation (†)

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

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

General Ledger Transaction (Minimum Data Required) – (†)

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

- **Date of the general ledger transaction** – the date of the transaction should be within the posting month and within the posting fiscal year.

- **Account code(s)** – the proper account code shall be used for all transactions
- **Journal [transaction] number** – the number assigned should be automatically assigned in a sequential order. Automated, system-generated general ledger entries shall be easily distinguished from manual general ledger entries.
- **The credit and debit amounts**– the total debits must match the total credits
- **Reason for the general ledger transaction** – the reason should explain the reason for the transaction such as cash receipt number, adjustment to budget/expense, etc.
- **Supporting document** – supporting documentation, if any, shall be retained for audit tracking purposes

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

- **Check date** – the system-generated general ledger transaction should reflect the check date as part of the journal entry number
- **Account code(s)** – the account codes charged for all payroll disbursements, including liability accounts, should exist in the general ledger prior to posting the system-generated journal entries. [Note: During the payroll posting process, the payroll department must print and verify that all payroll accounts exist on the general ledger. If accounts do not exist on the general ledger, the accounts should be verified for accuracy and if accurate, the list of account codes must be submitted to the CFO to ensure that the appropriate accounts are created in the finance system.

End of Month Process

Within 20 days after the end of the month, all end-of-month reports should be printed and verified and the end-of-month process completed. There are three (3) steps in completing the End-of-Month process as listed below:

- Reconciliation of all bank accounts
- EOM Activities (Report Generation & Verification)
- Process the EOM Close

End of Fiscal Year Process

All changes to the general ledger should be posted within the same month as the changes occurred, if possible, or as soon as practicable. Within 30 days after the fiscal year, all end-of-fiscal year reports should be printed or archived and verified for audit purposes.

All end-of-fiscal year adjustments should be posted to the general ledger prior to closing out the fiscal year. Prior to the start of the audit field work, the following adjustments shall be posted to the general ledger:

- **Reconcile all cash and investment accounts** – all cash and investment accounts shall match the corresponding bank or investment general ledger balances as of August 31st, as reflected on the respective monthly statement.
- **Reconcile all revenue accounts with amounts received and/or earned as of August 31st** – All measurable revenue should be posted to the general ledger. For example, all state aid earned as of the most recent Summary of Finance report from TEA shall be posted to the appropriate state revenue accounts.
- **Reconcile all grant revenue and expenditures** – the revenue and expenditures in every grant program (state and federal) should equal. The excess revenue if any should be reclassified to a payable to the granting agency, unless the excess revenue is an advance payment (deferred revenue). If expenditures exceed revenue, the amount due from the granting agency should be posted to the revenue account and accounts receivable accounts.
- **Reconcile the final amended budget** – verify that all budget amendments (at the functional level) have been posted to the general ledger. The sum of the original budget, plus all budget amendments during the fiscal year shall equal the final amended budget.
- **Reconcile and post all accounts receivables** – all funds due from other sources, as of August 31st, shall be posted to the general ledger. The receivables shall be measurable and expected to be received within 60 days after the end of the fiscal year.
- **Reconcile and post all accounts payables** – all payables due to others (vendors especially), as of August 31st, shall be posted to the general ledger. The amounts due for all goods and/or services received as of August 31st are classified as accounts payable and paid during the next fiscal year. The district has established a mid-September cutoff for prior year accounts payables [Note. The accounts payable account (2110) in the prior fiscal year and the next fiscal year must be in balance.]
- **Reconcile all accrued wages and benefits as of August 31st** – All accrued wages and benefits shall be posted to the general ledger, especially for all wages earned in August but scheduled to be paid in the next fiscal year (after September 1st).
- **Reconcile all prepaid expenses as of August 31st** – All prepaid expenses shall be posted to the general ledger to object code 1410. A prepaid expense is typically one that represents a disbursement of funds (payment) for goods or services that will be received or utilized in the next fiscal year. [Note. The prepaid expenses should be cleared in the next fiscal year by posting the expense to the appropriate expense account code(s).]
- **Reconcile the fixed assets ledger with all fixed asset additions, deletions, or changes** – All assets (as defined in the Fixed Asset Procedures) acquired during the fiscal year shall be added to the fixed asset ledger. All assets disposed of (sold or lost) shall be removed from the fixed asset ledger. Changes, if any, to the location, value, or category of assets shall be posted to the fixed asset ledger in Fund Code 901.
- **Reconcile the fund balance as of August 31st** – All changes, reductions, additions, and/or designations [restricted, committed, assigned, etc.] of fund balance accounts shall be posted to the general ledger. All budgetary fund balance accounts (object code 3700) shall be posted to the appropriate fund balance account (typically object code 3600). [Note. Changes to the

budgeted and committed fund balances should be supported by minutes of Board approval. The Superintendent and CFO are authorized by the School Board to assign fund balances.]

Segregation of Duties (†)

At a minimum, the Business Department 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.
- **Purchasing and Receiving functions** – The same staff member shall not serve as the final approver of a purchase order **and** verify receipt of the goods.
- **Contract Management** – The same staff member shall not approve a contract for goods or services **and** have sole approval authority to disburse the payment for the contracted goods or services.

Retention of Records [Policy CPC] (†)

All financial records for the current fiscal year shall be retained for audit purposes in accordance with the district Texas State Records Retention Schedule. Destruction of records, at the expiration of the records, shall also be in accordance with the district’s Texas State Records Retention Schedule. Note: The Destruction Schedule [list of all records destroyed] is a permanent document.

Record retention ensures that critical records are identified and retained in accordance with State and Federal guidelines. The Local Government Records Act establishes the primary requirements for records retention policies and plans. These record retention guidelines are specified in the retention schedules and approved by the State Library and Archives Commission. The schedules that pertain to school districts include:

- ***Local Schedule GR - Records Common to All Governments***
- ***Local Schedule EL - Records of Elections and Voter Registration***
- ***Local Schedule TX - Records of Property Taxation***
- ***Local Schedule SD - Records for Public School Districts***

In addition, the Local Government Records Act requires the District to elect a Records Custodian to coordinate the District’s records management activities. Contact the Records Custodian for a copy of the comprehensive Records Retention Schedule. The Records Custodian for the financial records of the district is the Superintendent’s Secretary. All questions related to the retention, destruction, and/or addition of new record series shall be directed to the Superintendent’s Secretary.

Contracts, Other	4 Years after Project Completion
Deeds	Permanent
Deposit Slips	7 Years
Easements	Permanent
Election Records	Permanent
Employee Roster	Permanent
Fixed Asset Records	7 Years
General Journal Entries	7 Years
General Ledger	7 Years
Grant Applications	7 Years
Internal Audit Work Papers	5 Years
Inventory Reports	7 Years
Investment Records	7 Years
Journals, All	7 Years
Legal Opinions	Permanent
Paid Bills, Invoices & Expense Statement	7 Years
Pledged Securities Records	7 Years
Purchase Orders (Payment Copy)	7 Years
Returned Checks	7 Years
Sales Tax Reports	4 Years
School Calendar	5 Years
Student Activity Accounting Records	5 Years
Telephone Logs and Activity Records	7 Years

Absence Form Duty Reports	3 Years
Deduction Authorizations	4 Years after Separation
Employee Time Cards/sheet	4 Years
Leave Status Cards	3 Years
Payroll Checks	5 Years
Payroll Registers	7 Years
Payroll Tax Reports	4 Years
W-4's	4 Years after Separation
Accident Reports - Personal Injury	5 Years
Accident Reports - Property Damage	3 Years
Employee Insurance Records	11 Years after Termination
Insurance Policies	4 Years after Expiration
Lost & Stolen Property Reports	3 Years
Hazardous Communication Act Material	Permanent
Blood Borne Pathogen Training Records	3 Years
Hazardous Material Training Records	5 Years
Health Reports of Employees Exposed to Toxic Agents	30 Years after Separation
Material Safety Data Sheets	Until Superseded or Obsolete
Safety Monitoring Reports Concerning Toxic Substances	30 Years
Work Place Chemical List	30 Years
Purchase Orders & Requisitions	7 Years
Successful Bids & RFPs	7 Years
Unsuccessful Bids	2 Years

Annual Reports to State Agencies	Permanent
Tax Correspondence	2 Years
Tax Rate Calculation Worksheets & Notices	3 Years
Tax Refund Applications	3 Years
Tax Rolls	Permanent
Tax Rolls, Real Property	20 Years
Tax Rolls, Personal Property	10 Years
Tax Statement	Until Outside Audit Is Completed
Minutes of School Board Meetings	Permanent
Policies & Administrative Regulations	Permanent or until Superseded
Principals' and Superintendents' Reports	10 Years - Period, 20 Years - Term
School Board Agenda	Permanent
Equipment Maintenance Records	Permanent until Equipment Is Disposed
Facilities Maintenance & Repair Records	3 Years
Fire Safety Inspection Reports	3 Years
Maintenance Work Orders	2 Years
Accident Reports	10 Years
Adult & Vocational Ed Records	7 Years
Attendance Records and Reports	5 Years
Enrollment Reports	7 Years
Fire Drill Records	3 Years
Food Service Records	5 Years
Health Inspection Reports	3 Years

Health Reports Submitted to Texas Department of Health	3 Years
Legal Transfer Records	7 Years
Pupil Accounting Cards	5 Years
Students Cumulative Records	K-8 withdrawal + 7 years 9-12 Permanent
Teacher Grade Books	1 Year, 5 for Voc Ed & Special Ed
Textbook Records	2 Years
UIL Records	2 Years
Annual Transportation Reports to TEA	3 Years
Drivers Records	3 Years
School Bus Purchase Requisitions	5 Years
Food Service Records	5 Years
Certificates, Licenses, or Permits	5 Years after Termination of Employee
Disciplinary & Adverse Action Records	2 Years
EEOC Records, Reports, and Case Files	3 Years
Employee Service Records	Permanent
Employees' Permanent Files	10 Years after Separation
Employment Ads or Announcements	2 Years
Employment Applications	2 Years
Employment Contract	4 Years
Fidelity Bonds	Life of Bond + 5 Years
Financial Disclosure Statements	2 Years
Fingerprint Cards	5 Years after Separation
Grievance Records	2 Years

Observation/Evaluation Forms	4 Years
Performance Appraisal Records	Permanent
Personnel Roster	3 Years
Personnel Studies & Surveys	3 Years
Professional Growth Plans	4 Years
Substitute Teaching Rosters	3 Years
Teacher Certificate Registers	Permanent
Unemployment Compensation Claim Files	5 Years
Workers' Compensation Claim Files	5 Years
Time Deposit Documents & Records	7 Years

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

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

Data System Security & Access to Records (†)

Business department staff handles and/or processes a substantial amount of confidential information. All staff is strictly prohibited from revealing confidential information to an unauthorized individual. Among the most critical information documentation related to employee's Personally-Identifiable Information (PII) such as employee's health, benefits, financial, family members, or other personal information. Violators will be subject to discipline, employment termination, and/or may be reported to the appropriate legal authorities. Violations of some protected information, such as health or medical information, is also protected by federal laws, such as HIPPA.

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

The Business Department staff shall be authorized to access the district's financial and/or payroll system(s) for job-related purposes only. Use of the systems for personal reasons or benefit will result in disciplinary action, up to and including employment termination. Unless required by Federal, state, and local statute, the district is not required to permit public access to their records. The district shall make all grant-related records available for access to the federal granting agency and/or pass-through entity upon request.

Each staff member shall take appropriate steps to ensure that their respective computer system is managed in a control environment to prevent unauthorized access. At no time (including lunch breaks) shall a computer system be logged on to a financial data system while unattended by the respective staff member.

Assignment of Access and Passwords (†)

Access to data systems shall be based on the specific job duties and responsibilities of each staff member. Except for limited exceptions, staff will not be given unilateral access to all modules in the financial and payroll system. For example, a payroll staff member will not have access to the human resources system unless the access is limited in scope and "read-only". These restrictions to unilateral access are designed to prevent complete autonomy which could lead to fraud.

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

Data system access to the authorized modules, shall be determined by the Technology Director and CFO. Each staff member shall have access to their respective database(s) and tabs within a database based on their position. Security roles will be established and assigned with the specific access to each module. In the event that a staff member gains access, due to human or software error, that he/she is not entitled to, it is the responsibility and duty of the staff member to notify the Technology Director and/or CFO regarding the ability to access the restricted database or module(s).

Revoking Access (†)

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

Data Center Disaster Recovery

Critical Systems – Backup and Disaster Recovery

Critical systems included in this procedure are Finance, Student and Communication data.

Backup procedures:

1. Snapshots take place every hour around the clock for each of the databases for the eSchoolPLUS, eFinancePLUS and Communication systems such as email.
2. Backup system does snapshot attach ability checks to ensure snapshot was a successful backup.
3. A full Base backup has been taken as a basis for incremental backups.
4. Incremental backup taken place every day at 12:00am and 02:00am.
5. As a secondary measure, backups are conducted using native SQL tools on both servers.
6. Native SQL backups take place on a daily basis at 11:00pm.
7. Native SQL transaction log backups take place every hour.
8. Database backups are stored in a fireproof storage device onsite.
9. Database backups are taken offsite.
10. Images of the entire servers are taken in the case of a disaster.
11. Images of the servers can be restored on bare metal server of different specifications if needed.

Restore procedures:

1. Depending on the damage, a simple database restore can recover lost data.
 - a. A full snapshot can be used to restore lost data
 - b. Native SQL backup can be used and optional incremental backups if needed.
2. In a catastrophic event, new servers would need to be setup using the items below.
 - a. Backup server images
 - b. Snapshots
 - c. Optional – Native SQL backups if there is a problem with a snapshot.
 - d. Backups and images can be recover from local and offsite backup depending on the damage done.
3. Experimenting with offsite data center for a truly minimal impact in case of a disaster recovery. We can use features of this set up now but it's still in the deployment face.

All other systems such as directory systems follow the same strategy.

Business Staff Training (†)

Every staff member will be scheduled to attend at least one training opportunity per year.

Annual training may include, but is not limited to, topics in the following areas:

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

Staff members that have attained TASBO certification status will be afforded an opportunity to attend at least 20 hours per year (for a total of 60 every 3 years) through a TASBO-approved CEU provider. Training opportunities for other certification or licensing programs, such as a CPA, shall be provided in a manner that seeks to meet the continuing education requirements for that specific certification or license.

Additional training requests should be submitted to the CFO. It is the employee's responsibility to request additional training that he/she feels will be beneficial in performing the assigned job tasks. At times, the immediate supervisor may also recommend or direct that a staff member attend specific training to improve their skills or comply with a Growth Plan.

In an effort to support compliance of fiscal policies and procedures, the Business Department shall conduct annual training for campus and department administrative and support staff, as appropriate. Training may be via webex, contract provider (ex. Region 8 ESC) or the Business Department. The CFO shall be responsible for developing the training calendar. Critical training areas shall include, but not be limited to:

- **Activity Account Management**
- **Purchasing & Travel**
- **State and Federal Grant manager**
- **Fraud**
- **Employee Benefits including Worker's Compensation**
- **Payroll Laws & Procedures**
- **Cash Management**

State and Federal Grant Management (†)

Staff Directory

Name	Title	Email	Phone
Judd Marshall	Superintendent	jmarshall@mpisd.net	903-575-2000
Shirley Peterson	Coordinator, State/Federal Grants	speterson@mpisd.net	903-575-2000
Mike Lide	Deputy Superintendent/Title 9/Gifted & Talented	mlide@mpisd.net	903-575-2000
Shelly Derrick	District Testing Coord.	sderrick@mpisd.net	903-575-2000
Karl Whitehurst	CATE Director	kwhitehurst@mpisd.net	903-575-2086
Jamie Cook	Principal	jcook@mpisd.net	903-575-2092
Katie Fite	HeadStart/EHS Director	kfite@mpisd.net	903-575-2092
Laura Stewart	Food Service Director	lstewart@mpisd.net	903-575-2000
Marilyn Logan	Special Education Dir.	mlogan@mpisd.net	903-575-2000
Stacie Thompson	CFO	sthompson@mpisd.net	903-575-2000
Debra Malone	Director of Human Res.	dmalone@mpisd.net	903-575-2000
Eva Beles	Director Bilingual Pgms.	ebeles@mpisd.net	903-575-2000
Brian McAdams	Director Student Svcs.	bmcadams@mpisd.net	903-575-2000

The Office for Grants and Fiscal Compliance (GFC) at Texas Education Agency is responsible for managing all discretionary and formula grants, ensuring the agency's compliance with federal grant requirements, and conducting audits and reviews of all local educational agencies (LEAs). The department houses the following divisions:

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

Compliance with all federal and state grant requirements is essential to ensure that all granted funds remain with the district. Failure to comply with grant requirements may result in denial of reimbursement requests and/or requests from the granting agency to return a portion or in some cases all grant funds.

Federal Regulations for Federal Grant Awards

All federal grant funds are subject to the compliance with Administrative (EDGAR) and Programmatic (NSLP, IDEA, etc.) regulations for each federal grant award. Title 34, Code of Federal Regulations (CFR), Parts 75-79, 81 to 86 and 97-99 EDGAR is currently in effect. For awards made prior to 12/26/2014, EDGAR Parts 74 and 80 still apply. For awards made on or after 12/26/2014, 2 CFR Part 200, which includes the substance formerly in parts 74 and 80, applies. For state-administered federal grants, TEA shall notify the district on the Notice of Grant Award (NOGA) of the applicable administrative regulations. The date of the award to the district (or pass-through entity such as TEA) shall determine the appropriate regulations.

When the district's local policies and/or procedures conflict with the federal regulations, the more restrictive regulations shall be adhered to in all aspects of federal and state grant manager.

Overview of the Education Department General Administrative Regulations (EDGAR)

The EDGAR, as amended on December 26, 2014, includes five (5) subparts under 2 CFR Part 200 of EDGAR as noted below:

- Subpart A – Acronyms and Definitions
- Subpart B – General Provisions
- Subpart C – Pre-award Requirements

- Subpart D – Post-award Requirements
- Subpart E – Cost Principles
- Subpart F – Audit Requirements
- Appendices – I through XI

The EDGAR in its entirety can be accessed at:

<http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>.

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

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

Finance Department

- Assisting the Grant Manager with budgeting grants funds. Preparing and posting the initial budget and all amendments to the general ledger.
- Assisting the Human Resources department with determining the payroll distribution code(s) for all grant-funded staff.
- Preparing all grant-related financial reports (monthly, quarterly and/or annual).
- Preparing all financial records for the annual financial audit and single audit, as appropriate.
- Ensuring compliance with the FASRG in coding all payroll and non-payroll expenditures.
- Adjusting the general ledger, as appropriate, after the Grant Manager's reconciliation of the time and effort reports, as appropriate if adjustments are necessary
- Managing the day-to-day cash needs for grant expenditures and drawing-down cash reimbursements, as appropriate
- Managing all purchasing and contractual commitments in compliance with the grant periods and allowable cost principles
- Retaining all financial records for the required length of time (5 years) for audit purposes
- Managing all fixed assets and ensuring compliance with the inventory and disposition federal guidelines

Human Resources Department

- Assisting the Grant Manager with the recruitment and hiring of all grant-funded staff
- Ensuring that all grant-funded staff meet the Highly Qualified Staff federal guidelines, as appropriate and, all state certification requirements
- Ensuring that all grant-funded staff have a job description with the grant-related duties and funding and, that all grant-funded staff sign a job description
- Preparing the Highly Qualified Staff Annual Report and conducting the required public notice or hearing, as appropriate
- Maintaining audit-ready HR employee files for financial audit or single audit purposes, as appropriate
- Developing and maintaining all salary schedules to ensure consistency between local and non-local pay rates (Includes base salaries, stipends and extra-duty rates of pay)
- Assisting the Grant Manager with determining the position title, Role ID and other salary information for use in completing the grant application
- Retaining all personnel records for the required length of time (5 years) for audit purposes

Grant Management Department

- Working cooperatively with the campus administrative staff to ensure that all grant activities are collaboratively planned and appropriate to each campus.
- Providing supporting documentation for budgeted grants funds. And, submitting all grant amendments to the finance department to facilitate budget amendments.
- Preparing all grant-related programmatic (evaluation) reports (monthly, quarterly and/or annual).
- Ensuring compliance with the FASRG in coding all payroll and non-payroll expenditures.
- Receiving and monitoring the time and effort reports, as appropriate, and submitting adjustments, if any, to the finance department
- Monitoring the spending thresholds throughout the grant period to ensure that the grant activities are being conducted systematically throughout the grant period
- Reviewing and approving all purchasing and contractual commitments in compliance with the grant periods and allowable cost principles
- Retaining all grant records for the required length of time (5 years) for audit purposes
- Providing information to the Business department regarding the number and type of grant-funded positions approved in the grant application by the granting authority
- Verifying with the HR department that all grant-funded staff meet the Highly Qualified Staff federal guidelines, as appropriate and, all state certification requirements

- Verifying with the HR department that all grant-funded staff have a job description with the grant-related duties and funding and, that all grant-funded staff sign a job description
- Verifying with the HR department that the Highly Qualified Staff Annual Report and conducting the required public notice or hearing, as appropriate
- Assisting the HR department with determining the position title, Role ID and other salary information for use in completing the grant application

All departments shall provide staff training for their respective staff and other staff, as appropriate, regarding the grant management duties and responsibilities for each staff member.

900 – State and Federal Programs/Grants (†)

901 State Programs – Allotments

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

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

- | | | |
|---|------------|---|
| ▪ Special Education | 52% | PIC 23, 33 |
| ▪ Career & Technical Education | 58% | PIC 22 |
| ▪ Gifted & Talented Education | 55% | PIC 21 |
| ▪ State Compensatory Education (SCE) | 52% | PIC 24-30 (except 25 & 27), 34 |
| ▪ Bilingual/ESL Education | 52% | PIC 25, 35 |

During the budget process, the estimated state allotment shall be calculated by the CFO based on prior year special program enrollment and average daily attendance (ADA). The estimated state allotment by special program shall be provided to the Special Program Administrator(s) as noted below. These special program administrators 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 | Marilyn Logan |
| ▪ Career & Technical Education | Karl Whitehurst |
| ▪ Gifted & Talented Education | Mike Lide |
| ▪ State Compensatory Education (SCE) | Shirley Peterson |
| ▪ Bilingual/ESL Education | Eva Beles |

The finance department, specifically the, CFO, 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, and financial audit.

As part of the budget adoption process, the CFO 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 CFO, shall calculate the periodic and final spent 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 CFO shall ensure that the deficit amount is budgeted in the following fiscal year.

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

Basic Services – PIC 1X

- PIC 11 Basic Educational Services

Enhanced Services – PIC 2X – 3X

- PIC 21 Gifted & Talented
- PIC 22 Career & Technical Education
- PIC 23 Special Education
- PIC 24 Accelerated Education (State Compensatory Education)
- PIC 25 Bilingual and ESL Education
- PIC 26 Non-Disciplinary Alternative Education Program
- PIC 28 Disciplinary Alternative Education Program – Basic
- PIC 29 Disciplinary Alternative Education Program – SCE Supplemental
- PIC 30 Title I, Part A Schoolwide Activities related to SCE (Campuses with 40% or more educationally disadvantaged students)
- PIC 31 High School Allotment
- PIC 32 Prekindergarten
- PIC 33 Prekindergarten-Special Education
- PIC 34 Prekindergarten-Compensatory Education
- PIC 35 Prekindergarten-Bilingual Education

If the “intent” of particular course or program is one of the Enhanced Services, the appropriate PIC shall be used for the expenditures even if an incidental student(s) benefit from the program. For example, the salary of a Bilingual Instructional Aide should be paid 100% from PIC 25, if the intent of his/her position is to support Bilingual students even though 1 or 2 non-Bilingual students also benefit from a small group instructional setting.

At the beginning of each school year, the salaries of all staff should be determined based on their position and assignment. Specifically, we need to know the following:

- What the employee will do? Determines the function code
- Where the employee will work? Determines the organization code (may be split)
- Who will benefit? Determines the population served or PIC (may be split)

Determining the correct payroll account distribution code(s) is critical to ensure that all payroll costs are expensed in the correct account code(s). This is extremely important for staff assigned on a partial or full time basis to support a special program. Only the payroll costs for services whose intent is to serve one or more special program may be charged to the special program PIC.

By August, each school year, the Campus Principals shall prepare a personnel roster report that is based on the campus Master Schedule. The personnel roster report shall reflect the names of all staff, the position, and the assignment(s). For example, a teacher that teaches 4 special education classes and 4 career and technical education courses, should have .5 FTEs in PIC 23 and .5 FTEs in PIC 22. [Note. The master schedule shall reflect the teaching assignment for all teachers and every course section shall reflect the “intent”, or population served code. The population served codes (PEIMS Population Served Code Table 030) and program intent codes are correlated below:

- | | | |
|-----------------------------|------------|---|
| ▪ Population Served Code 04 | PIC 21 | Gifted & Talented |
| ▪ Population Served Code 05 | PIC 22 | Career & Technical Education |
| ▪ Population Served Code 06 | PIC 23, 33 | Special Education |
| ▪ Population Served Code 03 | PIC 24, 34 | Accelerated Education (State Compensatory Education) |
| ▪ Population Served Code 02 | PIC 25, 35 | Bilingual Education |
| ▪ Population Served Code 07 | PIC 25 | ESL Education |
| ▪ Population Served Code 03 | PIC 26 | Non-Disciplinary Alternative Education Program |
| ▪ Population Served Code 03 | PIC 28 | Disciplinary Alternative Education Program – Basic |
| ▪ Population Served Code 03 | PIC 29 | Disciplinary Alternative Education Program – SCE Supplemental |
| ▪ Population Served Code 03 | PIC 30 | Title I, Part A Schoolwide Activities related to SCE (Campuses with 40% or more educationally disadvantaged students) |

All staff assigned to support all students, not specifically served in a special program, shall be coded as basic population served (01) and the basic program intent code (11).

Special Program Administrators shall also review a personnel roster report by August of the beginning of each fiscal year. The PIC codes for the staff shall reflect what they do, where they are assigned to work, and the special program(s) that they support.

The personnel roster reports shall be submitted to the CFO no later than the deadline of August of the beginning of each fiscal year. The CFO shall verify the Staff FTEs and ensure that funds are budgeted in the appropriate payroll account codes. Budget changes and/or amendments, if any, shall be prepared by

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

After approval of the personnel roster reports, the CFO shall update the payroll distribution record(s) of each district employee.

Campus Principals and Special Program Administrators shall be responsible to ensure that any changes to staff assignments are submitted to the Deputy Superintendent of Human Resources within five (5) days of the assignment change. The prior process of verifying the FTEs/account codes shall occur upon the receipt of assignment changes.

901.1 Gifted and Talented

The Gifted and Talented program must adhere to state law, Texas Education Code (TEC) 29.121 and TEC 42.156. Chapter 29 addresses the programmatic guidelines related to eligibility, identification, and program services. Chapter 42 addresses the funding weight(s) and allowable costs.

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

The Special Program Administrator with oversight responsibility to certify the Gifted & Talented special program data prior to submission to TEA shall be the Deputy Superintendent of Curriculum & Instruction.

901.2 Career and Technical Education (CATE)

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

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

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

901.3 Special Education

The Special Education program must adhere to state law, Texas Education Code (TEC) 29.003 and TEC 42.151. Chapter 29 addresses the programmatic guidelines related to eligibility, identification, and program services. Chapter 42 addresses the funding weight(s) and allowable costs.

Specifically, each school district shall identify students eligible for the Special Education program and serve the students in an appropriate manner to obtain state funds. The student's Individualized Education Plan (IEP) shall serve as the official document to support that each student is eligible for special education, the type of instructional arrangement, and the number of contact hours to be served in a special education setting. All student identification and enrollment shall meet the special program guidelines in the Student Attendance Accounting Handbook (SAAH). Student enrollment data shall be submitted to TEA through the PEIMS Fall Submission as of the snapshot date. The attendance and/or contact hour data for funding purposes shall be submitted to TEA through the PEIMS Summer Submission.

The Special Program Administrator with oversight responsibility to certify the Special Education program data prior to submission to TEA shall be the Director of Special Education.

901.4 Compensatory Education (SCE)

The Compensatory Education program must adhere to state law, Texas Education Code (TEC) 29.081 and TEC 42152. Chapter 29 addresses the programmatic guidelines related to eligibility, "at risk" identification, and program services. Chapter 42 addresses the funding formula and allowable costs. The SCE program is funded based on the highest six (6) months of CEP eligible students in the prior school year. The Food Service Director shall provide the monthly counts of CEP eligibility to the finance department, CFO, on a monthly basis for the purposes of estimating SCE funds in the next fiscal year.

Specifically, each school district shall identify students eligible for the Compensatory Education program and serve the students in an appropriate manner to obtain state funds. There are thirteen (13) at risk indicators in state law. The Principal 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. 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 Superintendent by August**
- **Superintendent or designee shall submit the DIP to Board of Trustees by August**
- **The CFO shall submit the DIP and CIPs through TEASE by June.**

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

901.5 Bilingual and ESL

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

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

The Special Program Administrator with oversight responsibility to certify the Bilingual and ESL special program data prior to submission to TEA shall be the Director of Bilingual Programs.

901.6 High School Allotment

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

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

- professional development for teachers providing instruction in advanced academic courses such as Advanced Placement (AP)
- hiring of additional teachers to allow for smaller class sizes in critical content areas

- fees for students taking dual credit classes and ACT/SAT tests
- academic support, such as AVID and AP strategies, to support at-risk students in challenging courses
- credit recovery programs
- activities supporting college readiness and awareness, including transportation for college visits

Please see [Commissioner's Rules Concerning High School Allotment](#) for detailed allowable uses of these funds. The [High School Allotment Guide](#) is also an excellent resource.

The Special Program Administrator with oversight responsibility of the High School Allotment program shall provide guidance to the secondary campus regarding the use of the HSA funds.

902 Federal Grants

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

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

General Provisions:

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

1. The District has established a conflict of interest policy for all federal grant awards and shall disclose in writing any potential conflict of interest to the granting agency. The same conflict of interest questionnaire that is used for other district functions shall be utilized for compliance with this provision. The Local Government Officer Conflicts Disclosure Statement shall be completed by all district staff involved in federal grant awards with a potential conflict of interest: Superintendent, Finance Department, Human Resources, Grant Manager, and Board Members. Conflicts of interest, if any are reported, shall be posted on the district’s website and reported to the granting agency. The CFO shall be responsible for overseeing and collecting the conflict of interest questionnaires.
2. The district shall comply with all additional conflict of interest requirements required by the federal granting agency and/or the pass-through entity (TEA).
3. The District shall disclose in writing to the granting agency and/or pass-through entities any violations of federal criminal law including fraud, bribery or gratuity violations affecting a federal grant award. Upon detection of any fraud, abuse or waste with federal grant funds, the District shall promptly notify the proper legal authorities and pursue appropriate criminal and/or civil actions. In addition, the district shall report to the granting agency and pass-through entity, the extent of the fraud or violations. In addition, the District shall reclassify fraudulent expenditures made with federal grant awards to local district funds, i.e. the General Fund. The CFO shall be responsible for overseeing, reporting and documenting any fraud, abuse or waste of federal grant funds.
4. Refer to Board Policies CBB, CHE, CAA, and BBFA regarding conflict of interest at <http://pol.tasb.org/Home/Index/1133>.

All district employees are prohibited from soliciting gifts or tokens from vendors or other parties who are affected by (or have an interest in) a federal grant award 2 CFR 200.318.

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

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

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

Pre-Federal Award Requirements:

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

The District shall implement strategies as noted below to ensure that its risk level for federal grant manager is determined to be “low”:

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

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

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

902.1 Grant Application Process

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

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

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

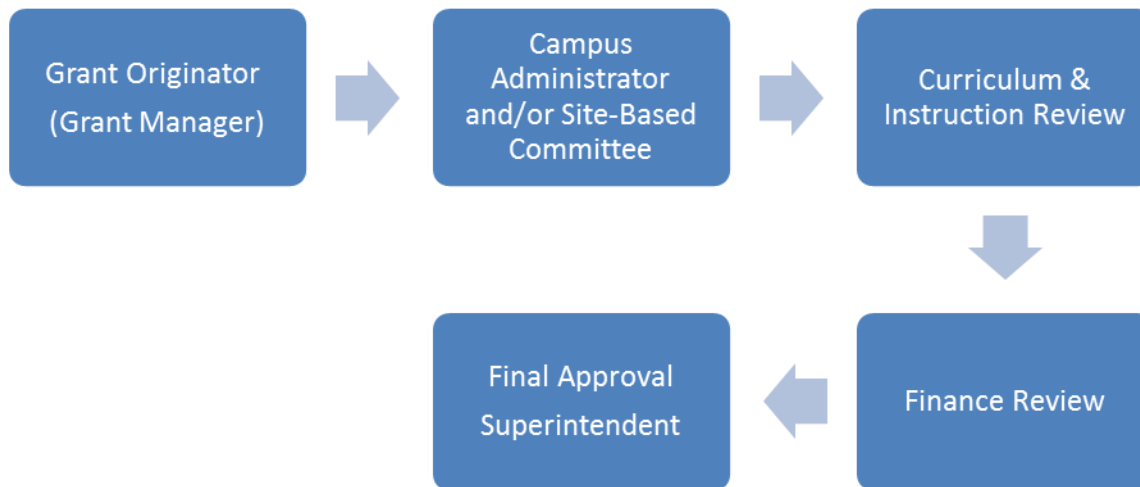
A list of competitive grants administered by the TEA are also posted on the TEA Grant manager webpage at <http://tea.texas.gov/index4.aspx?id=5040> . The appropriate Grant Manager shall obtain the competitive grant information to determine whether the grant(s) is appropriate for the district. Some competitive grants may have matching-funds and/or in-kind payment requirements which may place a burden on the district’s available financial resources.

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

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

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

The school district’s grant application process for federal grants is illustrated below on a flowchart. As noted on the flowchart, all grant applications must be reviewed by the finance department, curriculum department and Grant Manager. In addition, all grant applications that will support student instruction at one or more campuses, must be developed in collaboration with the respective campus principal(s). Specific grant activities to support the academic program at a campus should be reflected in the Campus Improvement Plan.



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

The Grant Manager shall work collaboratively with the finance department to ensure that all grant budget schedules are completed using the correct account code structure (as appropriate); the district’s purchasing, travel and other procedures; and are adequately documented if prior approval is required by the granting agency or pass-through entity (TEA).

The Grant Manager shall obtain pre-approval for the following activities which have been identified by the granting agency or pass-through entity (TEA);

- Student field trips
- Hosting conferences
- Out-of-state travel

Grants that require matching or in-kind district contributions shall be evaluated for overall impact on the current and future district’s local funds.

No federal grant funds shall be budgeted, encumbered, or spent until either of the following has occurred:

- grant has been approved by the granting agency and a Notice of Grant Award (NOGA) has been issued to the district; or

- the entitlement grant has been received by the district and the grant application has been submitted to TEA

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

The finance department shall notify the Grant Manager when the funds have been budgeted and are ready for expenditure by the appropriate campus or department.

902.2 General Provisions and Assurances

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

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

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

The finance department [purchasing] shall verify the eligibility of each vendor with this certification requirement by requesting that the vendor execute a Certification Form before awarding a contract and/or issuing a purchase order. A copy of the Certification Form shall be maintained for audit purposes.

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

902.22 Lobbying Certification

For all federal grants in excess of \$100,000, the district shall certify on the grant application that no federal grant funds are expended for the purpose of lobbying.

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

902.3 Budgeting Grant Funds

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

For example, if the grant application included \$2,000 for “6219 Professional Services”, the budget shall include an appropriation for Professional Services in object code 6219. All expenditures shall be made from the correct FASRG object code.

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

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

The TEA Grants Division has developed guidance related to “When to Amend” grants administered by the TEA. The guidance document is posted on the TEA website at:
http://tea.texas.gov/Finance_and_Grants/Administering_a_Grant.aspx.

In addition to TEA’s guidelines, federal regulations require that the district amend the grant application when we deviate from the original scope or grant objectives. Other amendments may be necessary when the district changes the designated Grant Manager, disengages from grant activities for more than three (3) months, or a 25% reduction in the time devoted by a Grant Manager.

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

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

902.4 Standards for Financial and Program Management

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

FFATA Reporting

The district shall report the following for all federal grant awards, as appropriate. The Grant Manager shall be responsible for collecting and reporting the information.

1. The following data about sub-awards greater than \$25,000
 - a. Name of entity receiving award [entity = district]
 - b. Amount of award
 - c. Funding agency
 - d. NAICS code for contracts / CFDA program number for grants
 - e. Program source
 - f. Award title descriptive of the purpose of the funding action
 - g. Location of the entity (including congressional district)
 - h. Place of performance (including congressional district)
 - i. Unique identifier of the entity and its parent; and

902.41 Financial Management

The District's financial management system, PowerSchool, shall be utilized to expend and track all federal grant expenditures. The financial management system shall be maintained in a manner that provides adequate internal controls over the data integrity, security and accuracy of the financial data.

The financial management system must contain information pertaining to all federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. All expenditures of federal grant funds shall be in accordance with the district's written procedures such as cash management, accounts payable, purchasing, travel, allowable costs, capital asset tracking, contract management, and other procedures, as appropriate.

Records Retention

The financial management system shall be utilized to store, maintain, and report all required federal grant information. Consequently, the district shall ensure that access to the data is restricted to authorized individuals in accordance with the district's Data Security and Access policies. In addition, the district shall retain all federal grant records for a period of three (3) years in accordance with the EDGAR requirement. The district's Records Custodian shall be responsible to ensure that all records are retained, stored and accessible, as appropriate.

List of Federal Grant Awards

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

- The CFDA title and number*,
- Federal award identification number and year*,
- Name of the Federal agency*, and

- Name of the pass-through entity*, if any.
- Grant manager for each grant
- TEA-assigned risk level for each grant, as appropriate

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

902.42 Internal Controls

The district' internal control procedures over financial management, developed in accordance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States and the "Internal Control Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), shall be made available to all staff involved in the management of federal grant funds. The internal control procedures shall be reviewed on at least an annual basis and updated as appropriate. If any weakness in an internal control is detected, the internal control procedures shall be revised to incorporate the weakness(es) at either the annual review or as the need arises dependent upon the severity (materiality) of the weakness.

The district's internal control procedures are embedded with this manual which is available from the business department. The CFO shall be responsible for the annual review and update of the internal control procedures.

902.43 Bonds

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

902.44 Payment

Payments to vendors shall be made promptly in accordance with federal regulations and state law. Specifically, in accordance with the Texas Prompt Payment Act, the district shall pay all invoices within 30 days of receipt of the goods/services and the invoice, whichever is later.

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

The district has determined that it will not accept advanced payments for federal grant funds. The district shall seek reimbursement for federal grant expenditures, rather than using an advanced payment method. Consequently, the district shall prepare and submit a "draw-down" of federal grant funds only after the payments have been made and distributed to the vendor via mail 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 CFO shall be responsible for preparing the draw-down of federal grant funds. All draw-downs shall be recorded on the general ledger as a receivable when the draw-down process is complete and posted to the cash account upon receipt of the receivable.

902.45 Cost sharing or matching funds

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

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

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

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

902.46 Program Income

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

902.47 Period of performance (Obligations)

All allowable grant expenditures shall be incurred during the grant period, i.e. begin date and end date of the federal grant award as designated on the Notice of Grant Award (NOGA). The Grant Manager shall notify the appropriate departments, such as Purchasing, Human Resources, Finance, Payroll, etc. of the grant periods for each federal grant award to ensure compliance as noted below:

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

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

The Grant Manager shall monitor the expenditures during the grant period to ensure that the funds are spent in a systematic and timely manner to accomplish the grant purpose and activities. The following timeline shall be used as a general guide for spending thresholds for a grant period of 12 months. The optimal spending thresholds noted below may be adjusted based on programmatic needs. For example, if the federal grant will be used for summer activities such as summer school, a larger percentage of the grant may need to be withheld for those specific activities.

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

902.5 Procurement Standards/Expenditure of Grant Funds

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

902.51 General Procurement Standards

The district shall comply with the general procurement requirement of the EDGAR (2 CFR 200). The district shall utilize a purchase order and encumbrance system to manage the expenditure of all federal grant funds. All purchases shall be in accordance with the district's School Board Policies (CH Legal and Local) and the district's Purchasing Procedures <http://www.mpisd.net/departments/business-services/manuals/>. The district purchasing procedures shall comply with all federal, state and local procurement requirements.

The CFO and Purchasing Coordinator shall be responsible for ensuring compliance with all federal, state and local procurement requirements and for ensuring that the district maintains an up-to-date procurement history to include, but not limited to, the information below:

- List of all procurements by type
- Advertisement date(s) of the procurement
- Release date of the procurement specifications

- Selection criteria for vendors
- Opening date of the procurement
- List of vendors submitting a proposal/bid
- Selection of Vendor
- Date of contract award
- Begin date of contract
- End date of contract

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

Purchasing Efficiency Strategies

All purchases with federal grant purchases shall be in accordance with the federal regulations, specifically CFR 200.318. All purchases shall be purchased from a variety of qualified vendors with the ability to perform successfully under the terms and conditions of a proposed procurement. The district shall strive to avoid acquisition of unnecessary or duplicative items 2 CFR 200.318 (d). The district shall implement the following strategies to maximize federal grant funds:

- Consolidation of purchases to obtain volume pricing, as appropriate
- Evaluate the cost efficiencies of leases versus purchases of equipment
- Utilize cooperative purchasing agreements, as appropriate, to obtain volume pricing
- Utilize federal or state excess/surplus property supplies or equipment in lieu of purchasing new supplies or equipment, as appropriate
- Develop a tracking system of all informal and formal procurements
- 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 district shall complete a review of the procurement system on at least an annual basis to self-certify that the procurement system is efficient and effective.

Conflict of Interest

The Grant Manager, Finance Director, Board members and Superintendent shall each 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 district may neither solicit nor accept gratuities, favors or anything of monetary value from contractors or parties to subcontractors. All employees shall comply with the Educators' Code of Ethics (DH Exhibit). Violators of the Code of Ethics shall be subject to disciplinary action, including but not limited to, termination of employment with the district.

The District will align to the USDE conflict of interest policy.

902.52 Vendor Competition

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

Vendor Selection Criteria

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

- Past experience with the district
- Cost of goods and services, including future costs of maintenance
- Vendor's financial stability and position as it relates to the ability to provide the goods and/or services
- Small, minority, woman-owned, or labor surplus area firms

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

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

A vendor database shall be maintained by the finance department, Purchasing Coordinator. The district's Adding/Renewing Vendors Procedures shall be adhered to for all purchases. Vendor selection shall include the following criteria:

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

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

- Form W-9
- Conflict of Interest Questionnaire
- Felony Conviction Notice
- Fingerprinting (If working directly with students)
- Debarment & Suspension Certification

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

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

The CFO shall oversee all bid/proposal documents before release to the vendor to ensure the documents comply with the federal requirements.

902.53 Procurement Methods

The district shall use one of the procurement methods allowed by federal regulations to procure goods and services with federal grant funds. In addition, the district shall comply with state purchasing laws and local Board Policy, CH Legal and Local.

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

Micro-Purchase Procedures

The procurement by micro-purchase may be most frequently used method due to the frequent purchase of goods or services that are less than \$3,000, as defined in CFR 200.67. The district shall purchase goods and services under this method from among qualified vendors, but will not competitively procure the micro-purchases, unless in the aggregate in a 12-month period (fiscal year), the district exceeds the state law thresholds, or the district's threshold in Board Policy CH Legal or Local.

Small Purchase Procedures

The procurement by small purchase procedures shall be used by the district when the purchase of goods or services do not exceed \$150,000, the Simplified Acquisition Threshold (CFR 200.88). The purchasing department shall require written, emailed or faxed quotations from at least two (2) qualified vendors for all small purchases, i.e. purchases that exceed \$10,000. The district shall strive to obtain small purchases from qualified vendors under a Cooperative Purchasing Program. The district is currently participating in the following cooperative purchasing programs:

- TASB Buy Board
- TCPN
- ESC 7 & 8
- TXMAS
- US Communities

Sealed Bid Procedures

The procurement by sealed bids method shall be used by the district when the purchase of goods or services exceed \$50,000 if the acquisition of the goods or services lends itself to a fixed or discount price contract and the selection of the successful bidder can be made principally on the basis of price. The district shall comply with the sealed bid requirements, as defined by the EDGAR, as noted below:

- Bids must be solicited from an adequate number of bidders, but no less than two (2) bidders
- Bids must be publicly advertised and bidders shall be provided an adequate amount of time to prepare and submit their bid.
 - The district shall publicly advertise all bids in accordance with state law, i.e. at least two (2) times in two separate weeks
 - The district shall provide no less than ten (10) days for bidders to prepare and submit their bids
- Bids must contain detailed specifications to ensure that bidders have a clear understanding of the goods or services that the district is seeking to purchase
- Bids must specify the time, date and district location where bids will be opened publicly

- Bids must be awarded based on a fixed or discount price contract to the lowest responsive and responsible bidder. The district shall consider discounts, transportation costs and life cycle costs only if these factors were included in the bid specifications. The district will consider payment discounts because the district does routinely take advantage of payment discounts.
- Bids will be evaluated, ranked and awarded. Any single purchase in excess of \$50,000 will be approved by the School Board at a regularly scheduled board meeting (CH Local).
 - If no bidder is recommended, the district shall reject all bids and evaluate whether to modify the bid specifications to initiate a new bid process
- The district shall notify the successful bidder and process the contract documents and/or purchase orders, as appropriate

Competitive Proposal Procedures

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

- Requests for Proposals (RFP) must be publicly advertised
- The RFP shall identify the evaluation factors and their weight in awarding the proposal
- Proposals shall be solicited from an adequate number of proposers, but no less than two (2) qualified vendors
- Proposals will be evaluated, ranked and awarded. Any single purchase in excess of \$50,000 will be approved by the School Board at a regularly scheduled board meeting (CH Local).
 - The district shall develop an instrument to evaluate each proposal and rank the proposals based on the evaluation scores
 - The district shall evaluate each proposal by committee or no less than two (2) district staff with knowledge of the RFP specifications
 - In accordance with state law, the vendor who is ranked highest as providing the “proposal most advantageous to the district” shall be notified of the potential award
 - The district may negotiate with the vendor only as it relates to potential cost savings
 - If the district and vendor cease to negotiate, the district shall notify the vendor in writing before starting to negotiate with the 2nd highest ranked vendor.

Noncompetitive Proposal Procedures

The procurement by noncompetitive proposal method shall be used by the district when the purchase of goods or services is from a “sole source vendor”. A sole source vendor is defined as a vendor that

meets the following requirements:

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

Other Procurement Guidelines

Regardless of the procurement method, the district shall encourage small, minority, woman-owned and labor surplus area firms to compete with other qualified vendors.

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

For all purchases that exceed the Simplified Acquisition Threshold of \$150,000, the district shall perform a cost or price analysis with every procurement 2 CFR 200.323. 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 CFO shall be responsible to ensure that all purchases above this threshold are guaranteed with the appropriate bid guarantee, performance bond and payment bond.

All contracts for services and/or goods purchased with federal grant funds shall be subjected to the same review and approval process as all other district contracts.

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

902.6 Property Standards

The district shall safeguard all property (assets and inventory) purchased with federal grant funds under the same guidelines as property purchased with local funds. Additional insurance for property purchased with federal grant funds shall be acquired if specifically required by a federal grant award. The Employee Benefits/Risk Manager shall oversee the acquisition of insurance for all federally funded property.

Real Property

The district has purchased real property with federal grants funds, as allowable under prior grant covenants. The subsequent disposition of the real property shall be in accordance with the federal guidelines as outlined in CFR 200.311. The Grant Manager shall be responsible for completing a granting agency or pass-through entity (TEA) survey of federally-funded real property. Facilities acquired with Head Start grant funds may not be mortgaged or used as collateral, or sold or otherwise transferred to another party, without the written permission of the responsible Department of Health & Human Services (HHS) official. As well, use of a Head Start funded facility for other than the purpose for which the facility was funded, without the express written approval of the responsible HHS official, is prohibited. It is the responsibility of the Grant Manager to obtain written permission and/or approval.

Equipment and Supplies

The district shall use federal grant funds to purchase equipment and supplies. The district shall not use federal grant funds to purchase intangible property. The federally-funded equipment shall be used only for the authorized purposes and shall be disposed of, at the end of the useful life or end of the grant period, in accordance with the grant award guidelines. The district shall not use the federally-funded equipment to generate program income. The federally-funded supplies shall be used only for the authorized purposes. Maintenance on equipment may be paid from the grant as long as the equipment is being used for authorized purposes. Any residual (unused) supplies, in excess of \$5,000 in total aggregate value, at the end of the grant program or project may be used for any other federal grant program. Otherwise, the supplies shall be retained by the district or sold, but must reimburse the granting agency for the district use or sell of the supplies. The district shall implement purchasing deadlines for the purchase of federally-funded supplies to ensure that residual supplies are not available at the end of the grant period or project. The purchasing deadline is prior to the end of the instructional year.

Capitalization Policy and Definitions

The district shall utilize the same capitalization policy for non-grant and grant-funded asset purchases. The district's capitalization threshold for assets is \$5,000 per unit cost. The district uses the EDGAR (CFR 200.12) definitions of property as noted below:

- *Capital assets* means tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP. (CFR 200.12).
- *Equipment* means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000. (CFR 200.33)
- *Computing devices* means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals") for printing, transmitting and receiving, or storing electronic information. (CFR 200.20)
- *General purpose equipment* means equipment which is not limited to research, medical, scientific or other technical activities.
 - Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles.
- *Information technology systems* means computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources. (CFR 200.58)
- *Special purpose equipment* means equipment which is used only for research, medical, scientific, or other technical activities.
 - Examples of special purpose equipment include microscopes, x-ray machines, surgical instruments, and spectrometers.
- *Supplies* means all tangible personal property other than those described in §200.33 Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life. (CFR 200.94)

Acquisition Cost

The district shall utilize the EDGAR definition of acquisition cost as noted below:

- *Acquisition cost* means the cost of the asset including the cost to ready the asset for its intended use. Acquisition cost for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Acquisition costs for software includes those development costs capitalized in accordance with generally accepted accounting principles (GAAP). Ancillary charges, such as taxes, duty, protective in transit insurance, freight, and installation may be included in or excluded from the acquisition cost in accordance with the non-Federal entity's regular accounting practices. (CFR 200.2)

The district shall utilize the invoice cost, and all related costs, to record the cost of the equipment on the fixed asset database.

The district has also defined “inventory items” as items with a unit cost between \$500 and \$4,999. These items shall have a tag affixed to the item for inventory tracking and insurance purposes only. Inventory items shall include computing devices within these costs. The district shall track these items for insurance purposes and shall conduct an annual inventory of these items to the extent possible.

Inspection of new vehicles at time of delivery

Vehicles are inspected on arrival and required documentation is completed prior to scheduled routing and transporting of students by the district’s transportation contractor, Durham School Services (Durham). Vehicles can be newly built vehicles or used vehicles that are purchased for the fleet. In service, documentation is filed in the vehicle folder for the life of the vehicle with the district. The Durham Service Manager is responsible for all delivery paperwork, vendor arrangements and ensuring readiness for all vehicles including license plates and required permits. New Vehicle Packets are removed at arrival and stored in vehicle folders or with the owner of the vehicle.

1. Receiving Newly Purchased Vehicles Procedure

- Newly purchased vehicles are inspected prior to leaving by conducting a DOT inspection.

- Newly purchased vehicles arrive by manufacturer/contractor driver.

- Bus Delivery Receipt checklist is completed by Durham representative and copies are made for the new vehicle file. If anything on the checklist is not correct, the vehicle is either returned by the delivering driver to the manufacturer or technicians from the manufacturer are assigned to come to the district to repair item/items in question.

- Vehicle is pulled into the inspection bay and the New Bus Inspection Form is then conducted.

- The New Bus Inspection Form is sent to Corporate and is implemented into the fleet of the district and assigned an asset number.

- New Buses that require additional harnesses or car seats for younger or special needs students will be installed before unit can transport children.

2. Receiving Used Vehicles Procedure

- Used vehicle will arrive at the district and Vehicle Delivery Acceptance Form will be completed and file for vehicle/ asset will be made by Durham Representative.

- Used vehicle will be pulled into the inspection bay and the In-Service Inspection Form is conducted and DOT inspection is performed or scheduled by date needed.

-Any Damage on used vehicles will be photographed for body or physical and mechanical issues will be placed on a follow up sheet from the in-service inspection form and fixed.

-The In-Service Inspection Form is sent to Corporate and is implemented into the fleet of the district and assigned an asset number.

-New Buses that require additional harnesses or car seats for younger or special needs students will be installed before unit can transport children.

2. Receiving Used Vehicles from within Durham

-Used vehicle will arrive at the district and Vehicle Delivery Acceptance Form will be completed and filed in asset folder by Durham Representative.

-Used vehicle will be pulled into the inspection bay and the In-Service Inspection Form is conducted and DOT inspection is performed or scheduled by date needed.

-Any Damage on used vehicles will be photographed for body or physical and mechanical issues will be placed on a follow up sheet from the in-service inspection form and fixed.

-New Buses that require additional harnesses or car seats for younger or special needs students will be installed before unit can transport children.

*All units at the district are required DOT yearly inspections as well as maintained by the maintenance schedule utilized by Durham. Any additional units required to have harnesses or car seats are held as spare units in case of emergency situations or break down to be utilized at any time.

902.61 Identifying and Tracking Federally-Funded Assets

Title to federally funded equipment and supply purchases shall be retained by the district, unless otherwise notified by the granting agency. As district property, the district shall affix a tag, inventory, and dispose of all assets (non-grant and grant-funded) according to the district's fixed asset procedures. The district procedures shall include the recording of all assets on a database with the following information:

- 1) District-issued tag (or identification number)
- 2) Date of acquisition
- 3) Description of asset
- 4) Serial number, or other identifying number
- 5) Funding source, i.e. fund code
- 6) Federal use of asset (percentage)

- 7) Cost of asset (acquisition cost)
- 8) Use and condition of the asset (New, Used, etc.)
- 9) Life of asset
- 10) Location of asset (building and room number)
- 11) Depreciation of asset, if applicable
- 12) Owner of asset title, typically the district

Maintaining Asset Inventory & Records

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

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

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

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

The Accounting Clerk/Receptionist shall be responsible for maintaining the fixed asset database of all district assets, including all federally-funded assets.

902.7 Cost Principles

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

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

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

The district shall refer to OMB 2 CFR Part 200 Subpart E to 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 Accounts Payable Coordinator shall ensure that all applicable credits have been posted to the general ledger prior to preparing and submitting a federal grant draw-down request from the granting or pass-through entity.

All district costs with federal grant funds, whether direct or indirect, shall meet the minimum requirements of allowability as specified in the 2 CFR 200.403. In addition, the costs must meet the general provisions for selected items of cost (2 CFR 200.420). Specific items not listed within these procedures shall be evaluated by the Grant Manager and Finance Department on case-by-case basis for

allowability. The general cost allowability rules for specific items of cost listed within these procedures shall apply to all federal grant funds, unless more restrictive allowability rules are required by a particular federal grant award. The district shall adhere to the more restrictive allowability rules when a conflict arises between the general allowability rules, the program-specific allowability rules and the district's allow ability rules.

In order to avoid subsequent disallowance or dispute based on unreasonableness or nonallocability, the non-Federal entity may seek the prior written approval of the cognizant agency for indirect costs or the Federal awarding agency in advance of the incurrence of special or unusual costs. Prior written approval should include the timeframe or scope of the agreements. The absence of prior written approval on any element of cost will not, in itself affect the reasonableness or allocability of that element, unless prior approval is specifically required for allow ability as described under certain circumstances listed in 2 CFR 200.407. An example of an expense requiring prior approval is entertainment costs (2 CFR 200.438).

Selected Items of Costs

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

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. [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.]

902.71 Compensation & Benefits – Employee (Payroll Expenditures)

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

Compensation Costs

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

- The costs are reasonable for the services rendered and conforms to the established district compensation and benefit plans for expenditures with all other funds, i.e. local funds,
- The employees have been employed in accordance with the district's established hiring practices, and
- The costs are supported by the appropriate timekeeping, absence tracking, time & effort certifications or other documentation, as appropriate,

- Federally-funded employees shall report all outside employment or professional services rendered to other entities. The external employment and/or professional services shall not conflict with the federally-funded activities with the district,
- Incentive compensation, such as stipends, awards, attendance incentive, etc. in accordance with the district's plans for each of these incentives,

Benefit Costs

District costs for fringe benefits for federally-funded staff shall be allowable as noted below:

- All benefit costs shall be in accordance with the district's Summary of Employee Benefits
- All leave benefits shall be in accordance with the district's written Leaves and Absences Policy (DEC Local)
- The benefit costs shall be distributed equitably at the same allocation rate (percentage) as the base compensation
- The benefit costs were earned and paid during the grant period
- All benefit costs shall be allowable under the Internal Revenue Service, Fringe Benefits Guide (as subjected to taxes, as required by federal statute)
- Severance pay in excess of the normal severance pay paid by the non-Federal entity upon termination is unallowable.

The district shall not charge any benefit costs to a federally-funded grant if the benefit costs are not in accordance with district's Summary of Employee Benefits, School Board Policy, or other written benefit plan(s).

Documentation of Compensation and Benefit Costs

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

- **Exempt staff**
 - Employment agreement, contract, or reasonable assurance, as appropriate
 - Job description signed by the employee with language similar to: *Funded by Title I, Part A with the primary purpose of supporting grant activities aimed at improving academic achievement for students struggling to meet state standards.*
 - *Supplemental duties, if any, shall be supported by a Supplemental Duties Job Description/Pay Notice*
 - Absence records, if any

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

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

902.72 Selection of Grant-Funded Staff

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

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

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

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

New Positions

New grant-funded positions shall be created only when a job description has been developed and approved by Human Resources and the Grant Manager. The Grant Manager shall ensure that the position is approved on the grant application and that adequate funds exist to fill the position. The finance and payroll departments shall be notified to ensure that the position is budgeted on the general ledger and the position is paid using the correct payroll account distribution codes.

New Hires

New staff hired for work in positions that are wholly or partially funded with federal grant funds, shall be hired when a position and funding are both available. Upon separation of an employee, the home campus or department of the position shall initiate a request to replace the position. [NOTE: A Personnel Requisition or similar form will be used to start the process.]

The Grant Manager shall review the request to ensure that the position is still authorized and necessary. Changes to the job description, if any, shall be made at this time. The Finance department, CFO, shall review the request to ensure that adequate funds exist in the appropriate account code(s). If funds do not exist, the finance department, CFO, shall notify the Grant Manager to determine if funds will be re-appropriated to the account code(s). After approval from the Grant Manager and Finance department, the Human Resources department shall advertise the position.

The screening and selection process shall include a review of the recommended applicant to ensure that he/she meets the highly qualified requirements under the No Child Left Behind Act (NCLB), as appropriate, or any other grant-specific credentials.

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

Transfer of Personnel

When staff in a position funded with grant funds is recommended for transfer to another campus, department, or assignment, the grants manager, human resources, and finance departments shall work collaboratively to ensure that the appropriate staff allocations and funding changes are made at the time of the transfer. The home campus or department shall initiate the request for the transfer, especially if it is a teaching assignment change at a campus. The grants manager, human resources and finance departments must evaluate the requested transfer to ensure that the staff allocations, highly qualified staff requirements, and funding source changes are in compliance with grant requirement.

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

Substitute Teachers

Salary expenditures for substitute teacher are allowable for approved teacher positions. The finance and payroll departments shall ensure that the expenditures for substitute teacher costs are budgeted and expensed from the appropriate account code(s).

Stipends and Extra Duty Pay

Stipend and extra duty pay expenditures are allowable for authorized and approved activities. NOTE: It is recommended by the TEA that a job description for each stipend role include the duties related to the grant purpose and the grant funding source.

The finance department shall ensure that the expenditures for stipend and extra duty pay are budgeted and expensed from the appropriate account code(s). The stipend and extra duty pay rates shall be the same as the rates used for similar locally funded activities. For example, if a teacher stipend for attending a 1-day professional development activity funded through local funds during a non-scheduled work day is \$100 per day, the teacher stipend for attending a federally-funded 1-day professional development activity should be \$100 per day, too.

Time and Effort Documentation

All staff funded wholly or partially with federal grant funds shall comply with federal guidelines related to time and effort. The grant funded staff, their immediate supervisors, grant manager, human resources, and finance departments shall be aware of the federal guidelines related to time and effort documentation.

The district shall collect and monitor time and effort documentation for district employees only. Time and effort documentation does not apply to Independent Contractors.

The district shall comply with all federal time and effort documentation guidelines. The following requirements shall apply to all district staff funded wholly or partially from federal grant funds, including staff funded through non-federal grant funds as part of a cost sharing or matching requirement.

Job description for all grant funded staff

The district shall develop and distribute a job description to all district staff that is wholly or partially funded with grant funds. The job description shall include the funding source and the job duties as they relate to the grant position. The grant-funded staff shall sign the job description at employment and at a minimum, when the funding source, job title or other change occurs in the employment or assignment of the staff member.

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

Roster of all grant funded staff

The Grant Manager shall maintain an up-to-date roster of all grant funded staff to include the position title 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 Grant Manager.

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

- 1) Campus or department – ensure that the grant funded staff are assigned in the position title as noted on the roster. The master schedule or assignment of instructional staff must support the position title and funding source.
- 2) 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 and semi-annual certifications 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) Grant Manager – 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. Also, ensure that time and effort documentation is on file if applicable.

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

Budgeting of grant funded staff

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

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

The grant manager, human resources and finance departments shall work collaboratively to adjust the budget and payroll account code distributions of grant funded staff if the time and effort documentation consistently reflects that the percentage(s) across the funding source(s) is not a true reflection of the normal work schedule.

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

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

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

- 1) 1st Certification – due after the end of the 1st semester
- 2) 2nd Certification – due after the end of the 2nd semester

The Deputy Superintendent of Human Resources review shall consist of the following:

- 1) A review of the certification forms to ensure that every staff member and supervisor has certified that their schedule is 100% grant related

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

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

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

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

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

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

Grant-funded staff under this category shall complete a Time and Effort Worksheet to include the date, grant source, percentage worked in the grant source per day and the summary for the month (or pay cycle). The staff member and his/her immediate supervisor shall sign the time and effort report.

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

The Grant Manager review shall consist of the following:

- 1) A review of the time and effort reports to compare the summary percentage of grant-related work per funding source to the budgeted percentage utilized to charge the monthly payroll charges
- 2) A test sampling of staff assignments, i.e. master schedule, duty schedule, etc. to verify the percentage of grant-related work per funding source
- 3) If the time and effort report reflects the same percentage, the report may be filed for audit purposes

- 4) If the time and effort report reflects a different percentage, the report shall be reconciled to reflect the correct payroll charges by grant funding source and forward the reconciliation to the finance department for adjustment of the payroll charges on the general ledger.

The finance department shall prepare a journal entry to reclassify the expenditures as noted on the reconciliation of the time and effort report(s). According to federal regulations, the final amount charged to each grant award must be accurate, allowable and properly allocated. The finance department shall post the variances prior to the final expenditure report.

Time and Effort Substitute System

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

In the event that the district determines that it is in its best interest to use the Time and Effort Substitute System, the Management Certification shall be completed, signed by the Superintendent and filed with TEA in accordance with the established deadlines. Training of staff by the Grant Manager shall occur at the time the system is implemented to ensure that all grant-funded staff are aware of the requirements of this system.

902.74 Non-Payroll Expenditures

The expenditure of federal grant funds shall adhere to the district's purchasing policies and procedures. In addition to the normal purchasing process, all grant funds must be approved by the Grant Manager for each respective grant program, as appropriate.

The Grant Manager with final approval authority for each federal grant is listed on page 31.

TEA Guidelines Related to Specific Costs

The district shall adhere to TEA's Guidelines Related to Specific Costs as published to the TEA website. A copy of the guidelines shall be made available to all staff with authority to initiate and/or authorize a purchase or expenditure with federal grant funds. In addition, all staff with authority to initiate and/or authorize a purchase or expenditure, such as campus bookkeepers, campus and department administrators, Business Department staff, and grant department staff shall receive a copy of the latest guidelines. The guidelines shall be incorporated in the annual training for all of these staff members. These guidelines shall be posted on the District's website as a resource when expending federal grant funds.

Local Guidelines Related to Unallowable Costs

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

Unallowable Costs

Snacks that do not meet the Smart Snack federal and/or state guidelines
Meals (during a Working Lunch or Professional Development) that exceed \$10 per person
Educational field trips to an amusement park

Selected Items of Cost – Professional Services

902.75 Contracts and Professional Services with Grant Funds

All contracts and professional services agreements shall be reviewed and approved in accordance with the district guidelines for all non-grant funds. For example, if School Board Policy requires that all contracts that exceed \$50,000 be approved by the Board of Trustees, all federal grant contracts that exceed \$50,000 shall also. The district's contract management procedures as listed below shall be adhered to in procuring, evaluating, selecting and awarding contracts. The vendor shall complete the vendor application package to include, at a minimum, the following documents:

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

In addition, the Grant Manager shall review and approve all consultant services agreements for compliance with federal regulations regarding professional service costs (2 CFR 200.459).

The Grant Manager and Finance Department review shall consist of the following:

- 1) Consultant and/or contractor has not been suspended or debarred
- 2) The contract and/or funds have been approved in the grant application, if specific approval is required from the granting agency

- 3) The contract's nature and scope of service is directly related to the federal grant award activities
- 4) The past pattern of costs, particularly in the years prior to federal awards
- 5) The contract does not contain any proposal costs [not allowable under federal regulations]
- 6) Whether the proposed contracted services can be performed more economically by direct employment rather than contracting
- 7) Capability of the proposed vendor to perform the required services
- 8) The qualifications of the contracting firm or individual and the customary fees charged by the proposed vendor
- 9) The contract and/or consultant agreement meets the allowable costs principles.
- 10) A contract subject to Davis Bacon has the appropriate contract language.
- 11) The contract and/or consultant agreement fee for services do not exceed any federal grant or local limits

The finance department, CFO, shall review and approve all contracts. The review shall consist of the district's requirements specific to the contract and/or federal grants.

The final approval authority for all contracts shall be the Superintendent, unless the contract is over \$50,000, then the final approval authority shall be the Board of Trustees through approval at a regularly scheduled board meeting.

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

The district will not execute a Letter of Intent with a third party prior to the issuance of a Notice of Grant Award (NOGA), as deemed appropriate.

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

- The contract is only effective upon receipt by the district of the NOGA from the awarding agency.
- The contract period is aligned to the grant period of availability as stated on the NOGA from the awarding agency (period of availability).
- All services will be completed during the effective dates of the contract.

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

Additional district contract provisions shall include:

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

If the contract will be funded with federal grant funds, the following provisions must be included in the contract [Per EDGAR Appendix II Part 200 Contract Provisions for Non-Federal Entity Contracts Under Federal Awards].

- Contracts over \$150,000 must address administrative, contractual or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties.
- Contract over \$10,000, must address termination for cause and for convenience by the District including the manner by which it will be effected and the basis for settlement.
- Equal Employment Opportunity clause

- Davis-Bacon Act clause for construction contracts, including compliance with prevailing wages. [The District must place a copy of the current prevailing wage determination used by the Department of Labor with each solicitation. Vendors will be required to furnish a current wage scale for comparison.]
- Contract Work Hours and Safety Standards Act clause related to the computation of wages of every mechanic and laborer on the basis of a standard work week of 40 hours.
- Rights to Inventions Made Under a Contract or Agreement clause if the federal award meets the definition of “funding agreement”
- Clean Air Act and Federal Water Pollution Contract Act clauses if the contract is in excess of \$150,000
- Debarment and Suspension clause which prohibits awarding a contract to a contractor who has been debarred, suspended or otherwise excluded from federal awards.
- Byrd Anti-Lobbying Amendment clause which applies to contractors that apply or bid for an award exceeding \$100,000 who must file the required certification.
- Procurement of recovered materials (200.322) clause
- Purchases from the School Nutrition Fund must include the Buy American provision which requires schools to purchase domestically grown and processed food to the maximum extent practicable. For a product to meet the Buy American requirement, over 51% of the final processed product must consist of agricultural commodities that were grown domestically (sometimes, referred to as processed *substantially* using domestic agricultural commodities). Domestic products include items from the United States territories: Guam, American Samoa, Virgin Island, Puerto Rico, and the Northern Marian Islands. Purchases made in accordance with the Buy American provision must follow the applicable procurement regulations calling for full and open competition.⁴⁸ CEs must include this requirement in their contracts, requests for bids, and purchase orders with all potential contractors.

902.76 Approval of Grant Purchases and Expenditures

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

The Grant Manager review shall consist of the following:

- 1) The expenditure is *reasonable* and *necessary* (as defined in federal grant guidelines). (NOTE: A test of whether an expense is necessary may include the verification that the expenditure is to perform a strategy or activity in the District or Campus Improvement Plans.)
- 2) The expenditure is not required by state law or local policy.
- 3) The expenditure has been approved in the grant application, if specific approval is required from the granting agency
- 4) The expenditure meets the allowable costs principles.
- 5) The expenditure is allowable and approved in the grant application and is consistent with the grant purpose
- 6) The expenditure is supplemental and not supplanting a local expenditure (NOTE: Refer to compliance issues related to supplement and supplant for additional guidance)
- 7) The expenditure has been competitively procured as required by law, as appropriate.
- 8) The expenditure has been approved by the governing body, as appropriate [Note. School Board Policy CH Local has established the threshold of contract approval by the School Board at \$50,000.]

In addition to the normal approval path of district expenditures, all grant expenditures shall be approved by the Grant Manager under the following circumstances:

- 1) All purchase requisitions
- 2) Payment of an invoice will be paid by an account code(s) other than the original account code(s) that were used to encumber the purchase order
- 3) Travel expenditures
- 4) Reclassification of a prior expenditure from one account code(s) to another

All finance department staff (accounts payable staff) shall adhere to the Accounts Payable Procedures for all check disbursements. Specifically, all checks issued by the district shall be verified, recorded, approved, issued and reconciled by multiple individuals to ensure segregation of duties.

902.36 Credit Card Purchases with Grant Funds

Credit Cards: The District will not secure a generic credit card (MasterCard, Visa, American Express, etc.) for supply purchases. The District does have a State of Texas Procurement Card for travel expenses from grant funds. Please refer to the MPISD Travel Procedures (<http://www.mpisd.net/departments/business-services/manuals/>) for guidelines.

An original, detailed receipt shall be required for all procurement card purchases with federal funds. If the purchaser does not submit an original, detailed receipt for audit purposes, the expenditure and/or reimbursement may not be charged to a federal fund. At no time shall district procurement cards be used to withdraw cash.

Revolving Lines of Credit: In some instances, vendors will only allow purchases with a District approved purchase order if the District has an account with the vendor. For MPISD, Wal-Mart, Lowe's and Home Depot are the primary vendors in the city which require an account. The following procedures apply when making purchases from these vendors:

1. All vendor accounts will be approved through the CFO first. For those vendors which maintain an approved purchaser list (Lowe's), a list will be compiled, submitted and maintained by the Purchasing Coordinator.
2. Authorizations: The campus/department must obtain an approved purchase order first which is approved by the principal/director. Purchases from Head Start/Early Head Start funds using one of these revolving lines of credit will be charged to a separate accounting code 63990004.
3. The campus representative (or approved purchaser for Lowe's) will receive their copy of the purchase order with which they can check out a card, if necessary (Wal Mart or Home Depot). Cards are kept in a locked vault at the Administration Office or on specific campuses. Users with an approved purchase order must sign the card in and out with the Accounts Payable staff or campus secretary.
4. The purchaser must present the purchase order and card, if necessary, to the vendor in order to purchase. The purchaser will return the signed, detailed invoice, copy of the purchase order and card, if applicable, to the Accounts Payable Office or campus secretary.
5. The Accounts Payable office will reconcile the receipts with the vendor statement monthly.

Procedures for these types of purchases will be reviewed annually at the secretaries' training.

The Grant Manager shall review and approve all card expenditures.

The Grant Manager administrative review shall consist of the following:

- 1) Original, detailed receipt includes an itemized list of what was purchased
- 2) The purchaser has documented a valid reason for the purchase which is consistent with the grant guidelines
- 3) The card purchase meets the allowable costs principles.

NOTE: The district shall reimburse any purchases made with a non-district credit card as appropriate.

Fraudulent card purchases made with federal grant funds shall be grounds for disciplinary action, up to and including termination of employment. The appropriate legal authorities shall also be notified for criminal prosecution, as appropriate. Accidental use of a credit card to make an unauthorized purchase with federal grant funds may be subject to similar disciplinary action but shall require immediate (within

2 days from date of discovery) restitution to the district. [Note. The fraudulent or accidental charges may not be charged to a federal grant fund, nor drawn-down as expenditures.]

Petty Cash Purchases with Grant Funds

The district shall not use a petty cash account to make purchases with federal grant funds.

902.77 Travel Expenditures with Grant Funds (Students & Staff)

All travel-related expenditures from grant funds shall comply with the allowable federal cost principles, the State of Texas-Travel Guidelines, School Board Policy and the district's travel guidelines. [Travel Guidelines <http://www.mpisd.net/departments/business-services/manuals/>] The allowable rates of reimbursement shall be the lesser of the federal rates or local rates. For example, if the federal rate of reimbursement for mileage is 56 cents but the local rate established in Board Policy DEE Local is 50 cents, the maximum rate of reimbursement for mileage with federal funds shall be the local rate of 50 cents.

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

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

- Registration fees – registration fees shall be allowable if the event is related to grant activities. Registration fees may be paid from the current grant period for an event during the next grant period **only if** there is an absolute deadline to register for the event. Early registration deadlines shall not apply. Recreational or social events subject to an additional fee, above and beyond the registration fee, shall not be allowed.
- Meals – meal expenses for overnight travel (in accordance with local travel guidelines) shall be allowed for employees & students. Non-overnight travel meals expenses shall not be allowed for employees unless they are supervising students. The district shall advance or reimburse meal expenses, subject to the GSA limits, on an *accountable* per diem basis only. The traveler shall submit receipts supporting that the entire meal per diem amount was expended for work-related meals, or shall return the unused meal funds to the district. 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.

- 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. Transportation expenses shall be reasonable and limited to the guidance in the cost principles.

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

The Grant Manager shall review and approve all travel-related expenditures paid with federal grant funds.

The Grant Manager review shall consist of the following:

- 1) All original, detailed receipts include an itemized list of what was purchased
- 2) The traveler has documented a valid reason for the travel which is consistent with the grant guidelines and purpose
- 3) The travel expenditures meet the allowable costs principles.
- 4) The travel is not for the Superintendent or other individual (non-employee such as family member, School Board, etc.).
- 5) The travel is for students during an educational field trip or other approved activity in accordance with grant guidelines and purpose
- 6) The travel is not for a contractor or consultant for the *their* professional development
- 7) The travel was approved by the granting agency, as appropriate (for example: out-of-the-country travel)

902.78 Preparing Expenditure Reports & Draw Down of Funds

Draw-down of Grant Funds

The district shall on at least a quarterly basis, or as allowed or required by the grant guidelines, draw-down grant funds that have been spent in accordance with the grant guidelines. The draw-down shall be for all expenditures to date, less grant funds received to date, as verified by a financial general ledger.

NOTE: The expenditures shall be net of all refunds, rebates, discounts, credits, and other adjustments, if any.

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

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

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

The draw-down of grant funds from the granting agency shall be initiated by the finance department CFO. A detailed summary general ledger of each grant fund should be generated to determine if the district is entitled to draw-down funds, i.e. if the granting agency owes the district any funds.

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

The finance department, CFO, shall prepare and submit the paper or electronic draw-down request. For Federal Head Start/Early Head Start, the drawdowns will be made only after checks have been cut and expenses paid at www.dpm.psc.gov. The amount of the receivable shall be recorded on the general ledger and a copy of all supporting documentation such as the detailed general ledger, and other supporting documentation shall be filed for audit purposes. CFO shall prepare the receipt documentation and the Receptionist shall post the receipt to the finance general ledger.

All data used to complete all federal expenditure reports shall be from the District’s expenditure reports generated via its financial software system.

The path run the reports in the software is as follows:

PowerSchool/Reports/Fund Accounting/Financial Statements/Expenditure Status Reports/
Expenditure Status Reports

Reports will be totaled by account code and fund.

If manual approval of an electronic draw-down is required by the granting agency, the finance department shall comply with the manual requirements. For example, TEA at times requests supportive information related to a drawn down such as a detailed general ledger, narrative justification, or summary of expenditures by object code. Upon a request from the TEA, the finance department, CFO, shall respond to the request within the allotted time to avoid designation as a “high risk” grantee.

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

The final draw-down of grant funds from the granting agency shall be made within the allowable timeframe. The grant liquidation guidelines shall be adhered to in making final payment for all goods and services received and *placed into service* before the end of the grant period. The draw down process

shall be the same as a monthly or periodic draw down, except that all refunds, rebates, credits, discounts or other adjustments to the general ledger must be recorded in the general ledger prior to submitting the final draw down request. [NOTE: There shall be no outstanding purchase orders or pending liquidations at the time of the final draw down of grant funds.]

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

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

If a final draw down deadline is missed, the finance department CFO, shall contact the granting agency to determine if a process exists to request a filing deadline extension. [NOTE: TEA has developed procedures to request an extension for filing expenditure reports. The request form must be completed, signed by the Superintendent and filed with TEA within 30 days of the final expenditure report deadline.]

Reimbursements of grant funds will be direct deposited to the General Operating bank account at the District's depository. The receivable from the granting agency shall be recorded in the general ledger. The same process for preparation and posting of the general ledger entry as a periodic draw-down shall be adhered to. [NOTE: The revenues realized and the expenditures should be equal at the time of the final draw down of grant funds.]

Receipt of Grant Funds

All district staff, especially those assigned with federal grant duties, shall adhere to the cash management procedures as listed in this document. Specifically, all cash received by the district shall be deposited, recorded reconciled by multiple individuals to ensure segregation of duties.

The district shall record all grant fund receivables upon receipt from the granting agency. The receipt of grant funds shall be posted to the general ledger to the appropriate receivable account code. In the event that the grant funds received do not match the recorded receivable, the finance department, CFO, shall contact the granting agency to determine the discrepancy. If the granting agency has reduced

and/or increased the grant funds paid to the district, a general ledger adjustment shall be posted to the appropriate revenue and receivable accounts. The CFO shall prepare the adjusting journal ledger entry and the Receptionist shall post the entry to the finance general ledger.

The district will not maintain grant funds in a separate bank account. The district shall ensure that any interest earned from excess cash is returned to the granting agency in accordance with grant requirements.

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

Tracking and Recording Receivables

On at least a quarterly basis, the finance department, CFO, shall review all pending receivables. Aged receivables, defined as greater than 90 days from the date of recording, shall be investigated and resolved by contacting the granting agency.

At the end of the fiscal year, all known and measurable receivables shall be recorded to the general ledger to the appropriate grant code. The CFO shall prepare the journal ledger entry and the CFO shall post the entry to the finance general ledger.

902.8 Grant Compliance Areas

The district shall ensure that it is in compliance with all provisions and assurances of all grant programs. In addition, the district shall comply with grant requirements such as supplement not supplant, comparability, indirect cost, and maintenance of effort spending levels.

902.81 Supplement, Not Supplant

The term —supplement, not supplant is a provision common to many federal statutes authorizing education grant programs. There is no single supplement, not supplant provision. Rather, the wording of the provision varies depending on the statute that contains it.

Although the definition may change from statute to statute, supplement, not supplant provisions basically require that grantees use state or local funds for all services required by state law, State Board of Education (SBOE) rule, or local policy and prohibit those funds from being diverted for other purposes when federal funds are available. Additionally, federal funds shall not be used to provide staff or pay for goods or services that the District provided with non-federal funds in the prior year. Federal funds must supplement—add to, enhance, expand, increase, extend—the programs and services offered with state and local funds. Federal funds are not permitted to be used to supplant—take the place of, replace—the state and local funds used to offer those programs and services.

The district process to ensure that all grant funded activities are supplemental shall be a collaborative effort between the grant manager and finance departments. Both departments shall receive training and be aware of the supplement not supplant provisions.

The Grant Manager shall review and approve all purchase orders (and non-purchase order payments). The Grant Manager's signature and date is his/her representation that the grantee complied with local policy and procedure and state and/or federal law, rules and/or grant requirement, as applicable. The Grant Manager review shall include a determination if the planned purchase and/or expenditure meet one of the following guidelines:

- 1) The grant funds will be used to enhance, expand, or extend required activities. Examples may include before/after tutoring, additional research-based instructional programs, or other supplemental expenditures not required by state law or local policy.
- 2) The grant funds will be used for specific grant activities included the grant application that are above and beyond the activities funded with local funds
- 3) The grant funds will be used to supplemental grant activities as noted on the DIP or a CIP.

Program-specific supplement, not supplant provisions shall be complied with in addition to the overall federal funds requirements.

- 1.) Title I, Part A – School wide Programs
 - a. Title I, Part A federal funds shall be used only to supplement the amount of funds available from non-federal sources for the campus including funds needed to provide services that are required by law for children with disabilities and children with limited English proficiency. A school wide campus does not have to demonstrate that activities are supplemental. The school is not required to identify particular children or to provide supplemental services to identified children.
 - b. A review of the non-federal funds available to each campus (school-wide and non-participating) shall be conducted on an annual basis.
- 2.) Title II, Part A – Teacher/Principal Training and Recruitment
 - a. Using Title II, Part A funds to meet any state mandate or local board policy would be considered a supplant. For example, if an LEA decides to use Title II, Part A funds to hire additional teachers to reduce class size in Grade 2, the state mandate of 22:1 must be met with state and/or local funds before additional teachers may be hired with Title II, Part A funds.
 - b. Documentation may include a report that reflects the teacher units throughout the district mandated by the state and the excess units, if any.
- 3.) Title III, Part A – English Language Acquisition
 - a. Title III, Part A funds shall be used so as to supplement the level of Federal, State, and local public funds that, in the absence of such availability, would have been expended for programs for limited English proficient children and immigrant children and youth and in no case to supplant such Federal, State, and local public funds.

b. Documentation may include a report that reflects the state and/or local funds used to provide Bilingual education or ESL services to students as required by state law and the federal funds used to provide additional services beyond the basic education program that is already provided.

902.82 Comparability

Comparability of services is a fiscal accountability requirement that applies to local educational agencies (LEAs) that receive funds under Title I, Part A of the Elementary and Secondary Education Act of 1965 (ESEA), as reauthorized by the No Child Left Behind Act of 2001 (NCLB). The intent of the comparability of services requirement is to ensure that an LEA does not discriminate (either intentionally or unintentionally) against its Title I schools when distributing resources funded from state and local sources simply because these schools receive federal funds. [TEA Title I, Part Comparability of Services Guidance Handbook, 2013]

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

In completing the CAD and CCF, the finance department, CFO, shall follow the process outlined below:

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

If TEA determines that the district is non-compliant, the finance and grant manager departments shall work collaboratively to address the non-compliance. In addition, the district shall adjust the budgets as appropriate to until the district is in compliance with the comparability requirement.

902.83 Indirect Cost

Grantees must have a current, approved federal indirect cost rate to charge indirect costs to the grant. The indirect cost rate is calculated using costs specified in the grantee's indirect cost plan. Those specified costs may not be charged as direct costs to the grant under any circumstances.

The district shall apply for an indirect cost rate through the federal granting agency or pass-through entity (TEA) in accordance with the current regulations. The CFO shall complete and submit an Indirect Cost Rate Proposal by the established deadline as specified by the pass-through entity (TEA) on the Indirect Cost webpage at: <http://tea.texas.gov/index4.aspx?id=3842>

The district's Indirect Cost Rate, or the maximum allowable rate, whichever is less shall be used to post Indirect Costs for federal funds to the General Fund. The finance department, CFO, shall prepare a general ledger entry for the indirect costs. The Receptionist shall post the entry to the finance general ledger.

902.84 Maintenance of Effort

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

NCLB MOE

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

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

IDEA-B MOE

An LEA that accepts IDEA-B funds is required under IDEA-B to expend, for services to students with disabilities, at least an amount equal to 100% of the state and/or local funds it expended on students with disabilities during the previous year. Federal law provides four methods of demonstrating

compliance (or “maintaining effort”), as described in the Methods of Determining Compliance section. [[TEA IDEA-B MOE Guidance Handbook, 2014](#)]

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

As part of the IDEA-B grant application process, the Grant Manager will need to know the prior year Special Education expenditures and the next fiscal year budgeted Special Education Expenditures. The finance department, CFO, shall provide these amounts to the Grant Manager not later than September to ensure that the most accurate amounts are reflected in the grant application. Changes to these amounts, as they are known, by the finance department, CFO, shall be submitted to the Grant Manager, as appropriate.

902.85 Reporting Requirements

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

- 1) Programmatic reports such as activity, progress and evaluations – Grant Manager
- 2) Expenditure reports such as interim, draw down and final expenditure reports – Finance department, CFO
- 3) Compliance reports such as Comparability, Maintenance of Effort, Indirect Cost, etc. – Finance department, CFO
- 4) Highly Qualified Staff reports – Human Resources department, Deputy Superintendent of Human Resources

902.86 Grant Monitoring and Accountability

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

- Compliance with federal requirements such as cost principles, audit, reporting requirements, etc.
- Monitoring of grant expenditures are properly documented and meet all allowable costs

- Monitor grant performance such as internal controls, audit findings, over/under expenditures, etc.
- Implement strategies to deter, mitigate and eliminate waste and fraud in the expenditure of grant funds

The Grant Manager for each federal grant shall be responsible for the programmatic and evaluation compliance and the CFO shall be responsible for the financial compliance. A list of the Grant Managers by federal grant is included on page 31. The use of “Grant Manager” throughout this document shall refer to the specific Grant Manager by federal grant as listed.

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

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

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

Auditing findings or deficiencies shall be addressed in a timely manner upon receipt of the notification. The 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 and monitor the timely implementation of corrective strategies.

The district shall disclose to the granting agency if any federal grant funds have been subject to fraud to district staff and/or contractors (vendors). Corrective actions, as appropriate, shall be implemented to remedy the loss of grant funds due to fraud.

Remedies for Non-Compliance

The district may be subject to consequences due to non-compliance with federal regulations. The district shall strive to maintain compliance, but shall respond appropriately to all notifications of non-compliance from the federal granting agency or pass-through agency (TEA).

Grant Closeout Procedures

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

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

902.9 Grant Awards

List of Grant Awards (including Grant Manager, grant funding source, grant period, and grant amount]

Grant Title/#	Award Date	CFDA #	Grant Period	Grant Manager
Head Start 06CH7127	7/1/16	93.6	7/1/16-6/30/17	Jamie Cook
Title I 16610101225902	8/6/16	84.010A	7/1/16-9/30/17	Shirley Peterson
Title III 16671001225902	8/6/16	84.365A	7/1/16-9/30/17	Eva Beles
Title II, Part A 16694501225902	8/6/16	84.367A	7/1/16-9/30/17	Shirley Peterson
Carl D Perkins 16420006225902	9/16/16	84.372A	8/23/16-8/15/17	Karl Whitehurst
Title VI, Part B 16696001225902	11/28/16	84.358B	10/28/16-9/30/17	Shirley Peterson
Title I 1003(A) S010A140043	11/28/16	84.010A	10/26/16-9/30/17	Shirley Peterson

IDEA-B Formula 166600012259026600	9/2/16	84.027A	8/22/16- 9/30/17	Marilyn Logan
IDEA-B Preschool 166610012259026610	9/2/16	84.173A	8/22/16- 9/30/17	Marilyn Logan
NSLP	Ongoing	10.555	9/1/16- 8/31/17	Laura Stewart
School Breakfast	Ongoing	10.553	9/1/16- 8/31/17	Laura Stewart
Summer Feeding	Ongoing	10.559	9/1/16- 8/31/17	Laura Stewart
Child & Adult Care Food Program	Ongoing	10.558	9/1/16- 8/31/17	Laura Stewart