Federal & State Grants Manual

Lubbock ISD
Every Child Every Day

2026 - 2027

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This manual reflects TEA guidance as of July 1, 2026

General Information

In accordance with School Board Policy, BP Local, the Superintendent and administrative staff shall be responsible for developing and enforcing procedures for the District's operations. These procedures shall constitute the administrative regulations of the District and shall include guidelines, handbooks, manuals, forms, and any other documents that define standard operating procedures. The district grants committee shall review and update this document annually, or if federal, state, or local changes in regulations or policy warrant immediate changes. Additionally, the Superintendent or designee shall annually approve the Federal & State Grants Manual. Administrative regulations [procedures] are subject to Board review but are not adopted by the Board. [Refer to BP Local]

Business Department Mission

The Mission of the Lubbock Independent School District Business Office is to provide support to all District students, staff, parents, and the community, and to ensure that all business operations support the instructional goals and objectives of the district in the attainment of the campus performance objectives (Student Achievement Indicators).

The Business Division's primary goal is to protect the district's assets and ensure that all financial transactions are conducted in accordance with generally accepted accounting principles.

Business Department Staff

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

All Business Department staff are expected to comply with the following:

- Code of Ethics and Standard Practices for Texas Educators [Board Policy DH (Local)-Exhibit],
- School Board Policies, especially CAA Local regarding fraud,
- Lubbock ISD Employee Handbook,
- Lubbock ISD Confidentiality Agreement and Responsible Use Guidelines

Link to district's Finance Organizational Chart – **Click Here**

General Ledger Maintenance

General ledger entries shall be made on an ongoing basis. 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 Director of Finance shall be responsible for monitoring the general ledger maintenance on a monthly basis as part of the End-of-Month Process. The Chief Financial Officer shall have ultimate responsibility for the accuracy of the general ledger. 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

Journal Entries

All general ledger entries shall be in balance (debits shall equal credits). All journal entries shall be numbered for tracking purposes. The district shall utilize an automated numbering system through Frontline ERP Finance System. The business office staff shall be authorized to create journal entries. The

Chief Financial Officer and the Director of Finance shall be authorized to approve journal entries to the general ledger.

Supporting documents shall be attached to journal entries to ensure that an audit trail exists for all reclassifications and other changes to the general ledger. Documents may include:

- Payroll journal entries: Detailed payroll distribution journals to support reclassification of payroll expenditures and time and effort adjustments.
- Non-payroll entries: Detailed purchase history such as purchase order, proof of receiving, method of procurement, invoice, and payment method (ACH or check).

Reclassifications of federal grant and state allotment program expenditures shall be reviewed and, as appropriate, approved by the Grant Manager to ensure program compliance.

All payroll general journals shall be interfaced to the finance system by the payroll department. The payroll department shall verify that the pre-post payroll general journals and the finance payroll general journals are in balance and posted accurately to the general ledger. All payroll general journals must be posted to the finance general ledger no later than the last day of the month.

All changes to the general ledger should be posted in the same month they occur, 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 for the previous month should be generated by the Director of Finance and Budget and forwarded to the Executive Secretary to the Superintendent for board review. The financial reports shall be approved by the School Board.

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

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

The Chief Financial Officer shall review a Summary General Ledger on a monthly 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 deposit amount matches the posted cash receipt journal. The posted cash receipt journal shall match the bank's validation of the deposit.

Ongoing daily data-entry validation greatly increases the accuracy of fund accounting and facilitates reconciliation of 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 manually or automatically assigned in a sequential order. A log of the journal numbers utilized each fiscal year should be available in a manual or automated form. Automated, system-generated general ledger entries shall be easily distinguished from manual general ledger entries.
- The credit and debit amounts– the total debits must match the total credits
- Reason for the general ledger transaction – the reason should explain the reason for the transaction, such as cash receipt number, adjustment to budget/expense, etc.
- Supporting document – supporting documentation, if any, shall be attached to the journal entry form for audit tracking purposes
- Signature or initials, as appropriate
    - Signature or initials of the appropriate approval(s)
    - Signature or initials of the individual posting the transaction.

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.

End of Month Process

Within 15 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 four (4) steps in completing the End-of-Month process as listed below:

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

The Finance End-Of-Month Procedures should be utilized to ensure that all critical steps are followed during the EOM Process.

End of Fiscal Year Process

All changes to the general ledger should be posted in the same month they occur, if possible, or as soon as practicable. Within 30 days after the fiscal year, all end-of-fiscal-year reports should be printed 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 as of June 30th.
- Reconcile all revenue accounts with amounts received and/or earned as of June 30th.
- Reconcile all state and federal grant revenue and expenditures.
- Reconcile the final amended budget.
- Reconcile and post all accounts receivable.
- Reconcile and post all accounts payable as of June 30th.
- Reconcile all accrued wages and benefits as of June 30th.
- Reconcile all TRS deductions and payments as of June 30th.
- Reconcile all mandatory and voluntary deductions as of June 30th.
- Reconcile all Due To and Due From accounts as of June 30th.
- Reconcile all prepaid expenses as of June 30th.
- Reconcile the fixed assets ledger with all fixed asset additions, deletions, or changes.
- Reconcile the fund balance as of June 30th.

Segregation of Duties

At a minimum, the business office staff shall operate under a segregation of duties, including but not limited to the following:

- Endorsement of checks – The same staff member shall not prepare and endorse accounts payable or payroll checks.
- Bank reconciliations – The same staff member shall not prepare cash disbursements, cash deposits, or other cash transactions and reconcile the district's bank accounts.
- Maintain non-cash accounting records – The same staff member shall not prepare non-cash general ledger transactions and post the transactions to the general ledger.
- Purchasing and Receiving functions – The same staff member shall not serve as the final approver of a purchase order and as the verifier of 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.
- General Ledger Maintenance – The same staff member shall not prepare, approve, and post a general ledger transaction unless a specific exception exists in the district procedures.

Retention of Records

All financial records for the current fiscal year shall be retained for audit purposes in accordance with the district policy (CBC Local). Destruction of records, at the expiration of the records, shall also be in accordance with the district's Local Records Retention Schedule. Unless a record that has been destroyed is specifically listed on a Destruction Schedule, it is presumed to still exist. Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of five years from the final report or seven years from the date of the specific activity being documented or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. **[Government Code, §441.185]**

The district shall maintain grant-related records in both paper and electronic formats. The following records shall be maintained in the format(s) specified below:

- Grant applications and grant award notifications (TEAL and/or F-Drive-Finance: PDF & Excel files)
- Grant revenues and expenditures (Frontline ERP Finance System)

- Grant purchasing records (Frontline ERP Requisition & Finance systems, paper, PDF, and Excel files)
- Grant expenditure draw-downs (reimbursements) – F-Drive-Finance: PDF and Excel files

In accordance with federal regulations, the district shall maintain grant-related records in an open and machine-readable format. Specifically, the district shall use the following formats to store electronic data **[2 CFR 200.336]:**

- Microsoft products such as Word, Excel, Access, etc.
- Google products such as Doc, Sheets, Forms, etc.
- Financial Management System, Frontline ERP Finance, HR, Assets, Purchasing, etc. modules

The Records Custodian for the district's financial records is the Superintendent. All questions related to the retention, destruction, and/or addition of new record series shall be directed to the Superintendent.

Data System Security & Access to Records

The business department staff handles and/or processes a substantial amount of confidential information. All staff are strictly prohibited from disclosing confidential information to unauthorized individuals. Unless required by federal, state, and local statute, the district is not required to permit public access to its records. The district shall make all grant-related records available for access to the federal granting agency and/or pass-through entity upon request. **[2 CFR 200.336]**

All business office staff shall sign a Confidentiality Agreement and Responsible Use Guidelines annually. Among the most critical information is documentation related to employees' Personally Identifiable Information (PII), such as health, benefits, financial, family members, or other personal information. **[2CFR 200.337]** Violators will be subject to discipline, employment termination, and/or may be reported to the appropriate legal authorities. Violations of certain protected information, such as health or medical information, are also subject to federal laws, such as HIPAA.

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 that agency. **[2 CFR 200.335]**

The business office staff and payroll 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 termination of employment.

Each staff member shall take appropriate steps to ensure that their respective computer system is managed in a controlled environment, preventing 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 on 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 workspace. Violators of this restriction shall be subject to disciplinary action, including, but not limited to, termination of employment.

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

Revoking Access

Access to data systems is subject to change and/or revocation when changes occur to a staff member's position, duties, or responsibilities. Access to data systems may also be revoked when a staff member violates the Responsible Use Guidelines. Each staff member shall digitally sign a Confidential Agreement and Responsible Use Guidelines every fiscal year.

Business Staff Training

Every staff member will be encouraged to attend at least one training and/or conference opportunity per year.

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

- Account coding
- Payroll and Human Resources Compliance Issues
- PEIMS Data Reporting and Quality
- GASB
- Legal changes, such as Purchasing
- State and Federal Grants Management
- Data system (software)
- Travel Guidelines
- Other job-related area(s) requested by a staff member
- Other job-related area(s) assigned by the Chief Financial Officer as a growth opportunity

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

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

In an effort to support compliance with fiscal policies and procedures, the business office shall conduct annual training for campus and department administrative and support staff, as appropriate. The

Executive Director of Leadership & Professional Development, in conjunction with the Chief Financial Officer and Chief Operations Officer, shall be responsible for developing the training calendar. Critical training areas shall include, but not be limited to:

- Activity Account Management
- Account Coding
- Budget Development Process
- Cash Management
- State and Federal Grants Management
- Other area(s) requested by the Superintendent or department/campus administrator

State and Federal Grant Management

The Department of Contracts, Grants, and Financial Administration (CGFA) at the Texas Education Agency is responsible for overseeing all phases of federal and state contracts and grants awarded to TEA grantees, including independent school districts or school systems. The department houses the following divisions:

- Grants Administration Division
    - Provides centralized administration of all formula and discretionary state-appropriated funds and federal grant funds awarded to TEA.
- Federal Fiscal Compliance and Reporting Division
    - Oversees activities of federal grant programs to determine whether organizations are in compliance with fiscal requirements to ensure that grant recipients spend funds in the manner specified by the grant program.
- Federal Fiscal Monitoring Division
    - Monitors the expenditures of federal grant recipients to ensure federal funds are used for authorized purposes in compliance with federal statutes, regulations, and terms and conditions of the federal awards.
- Federal Program Compliance Division
    - Provides state administration and implementation of ESSA programs (Title I, Parts A and D; Migrant; Title II, Part A; Title IV, Part A; Titles V, VI, and VII; and ESSA PNP services).
- Special Monitoring Division
    - Monitors Disaster Relief and Federal Grant funds to ensure they are utilized to maximize project goals and objectives, to identify and prevent wasteful spending, and minimize waste, fraud, and abuse.

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. The Texas Education Agency acts as the pass-through entity for many of the United States Department of Education (USDE) federal grants.

TEA Grant Opportunities are posted on the TEA webpage to provide administrative guidance, timelines, due dates, program-specific guidelines, use of funds, and many more resources.

Additional state and federal granting agencies include the Office of the Governor, the Workforce Commission, the Department of Justice, the Department of Health and Human Services, and others.

Federal Regulations for Federal Grant Awards

All federal grant funds are subject to compliance with Administrative (EDGAR) and Programmatic (ESSA, IDEA, etc.) regulations for each federal grant award.

Title 34 of the Code of Federal Regulations (34 CFR), known as the Education Department General Administrative Regulations (EDGAR), pertains to TEA grants. Refer to the EDGAR Materials and Resources page of the TEA website for details on new federal regulations, including their effective/applicability date, purpose, a list of the OMB circulars they replace, and links to related TEA grantee guidance.

For state-administered federal grants, TEA shall notify the district on the Notice of Grant Award (NOGA) of the applicable administrative regulations.

When the district's local policies and/or procedures conflict with the federal regulations, the district shall comply with the most restrictive regulations in all aspects of federal and state grants management.

Overview of EDGAR

Overview of the Education Department General Administrative Regulations (EDGAR). The EDGAR includes six (6) subparts and multiple appendices 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

Generally, 2 CFR Part 200 applies to all programs under the Every Student Succeeds Act (ESSA) and may apply to other US Department of Education grants.

Revisions to the Uniform Grant Guidelines (UGG) are effective with new federal awards issued on or after October 1, 2024. Highlights of the changes are identified in an OMB Summary: Uniform Guidance _Reference Guides FINAL 4-2024.pdf (cfo.gov)

The following resources are provided to aid grantees in the administration of Federal grants awarded by the Department of Education.
Grants 101 | Grants.gov
Grant Terminology | Grants.gov

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 **200.1**, respectively.

At the District level, managing State and Federal Grants shall be a collaborative process between the Finance, Procurement, Payroll, Human Resources, Federal Programs, and appropriate grant managers. Each respective department shall be responsible for its duties and responsibilities as they relate to the management of their state and/or federal grants. The duties of each department are listed below in general terms. Additionally, specific duties and responsibilities may be listed within an area of compliance within this Manual.

Key Grant Management Personnel

Finance Department

- Assisting the Grant Manager with budgeting grant funds, preparing and posting the initial budget, and all amendments to the general ledger
- Assisting the Human Resources, Payroll, and Grant Management departments 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 procurement and contractual commitments in compliance with the grant periods and allowable cost principles
- Retaining all financial records for the required length of time for audit purposes
- Managing all fixed assets and ensuring compliance with the inventory and disposition federal guidelines (Procurement)

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 Effective guidelines, as appropriate (and all state certification requirements)
- 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)
- 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 on an annual basis)
- Maintaining audit-ready HR employee files for financial audit or single audit purposes, as appropriate
- 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 for audit purposes

Grant Manager(s)

- Working cooperatively with the campus and department administrative staff to ensure that all grant activities are collaboratively planned and appropriate to each campus
- Providing supporting documentation for budgeted grant funds and submitting all grant amendments to the finance department to facilitate budget amendments
- Assisting the Human Resources and Payroll departments with determining the payroll distribution code(s) for all grant-funded staff
- 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
- Ensuring compliance with EDGAR for all contract and procurement obligations
- 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
- Reviewing and approving all procurement and contractual commitments in compliance with the grant periods and allowable cost principles
- Retaining all application and programmatic grant records for the required length of time for audit purposes
- Providing information to the Human Resources and Payroll departments 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 Effective 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 on an annual basis)
- Assisting the HR department with determining the position title, Role ID, and other salary information for use in completing the grant application

Payroll Department

- Maintaining audit-ready payroll employee files for financial audit or single audit purposes, as appropriate
- Retaining all payroll records for the required length of time for audit purposes

Key Grant Management Personnel Training

All departments shall provide training to their respective staff and, as appropriate, to other staff on the grant management duties and responsibilities of each staff member. All key grant management personnel shall attend at least one training per fiscal year. New key grant management personnel shall attend multiple grant training in the key areas noted below.

Key Grant Personnel include:

- Program Management & Compliance: Program Directors and Grant Managers
- Financial Reporting: Grant Accountant

Training areas shall include:

- EDGAR Regulations
- General and Fiscal Guidelines and other TEA grant management resources
- State and Federal Grants Manual overview

Grant monitoring site visits and/or monitoring procedures:

- Annual Principal and Secretary Trainings
- Quarterly Title I Budget Review Meetings
- District ESSA Compliance Meetings
- Extra Duty Committee
- District Grants Committee

Part I - State Grants

State Allotment Programs

The Texas Education Agency's State Funding Division is responsible for administering the Foundation School Program (FSP) and wealth equalization provisions of the Texas Education Code. In addition to the FSP Basic Allotment, the district receives state program allotments to meet the needs of specific student populations. The special program allotments shall be used to *supplement* (beyond the basic program) the academic needs of students enrolled in a special program.

The FSP has two main components, operations funding and facilities funding. Each component is tied to the tax efforts of school districts. These components provide funding for school district operations and school facilities. This overview briefly describes the main components of the FSP.

- The operations funding component of the FSP assists school districts in financing their maintenance and operations (M&O) through the following two formulas:
    - Tier One of the FSP provides school districts (and open-enrollment charter schools) with a basic level of funding through several allotments, including those for regular basic education, special education (SPED), dyslexia, compensatory education, bilingual education (including dual language programs), career and technology education (CTE), public education grants, early education, college, career, or military readiness, fast growth, small and mid-sized districts, teacher incentives, transportation, and new instructional facilities.
    - Tier Two of the FSP is intended to supplement the basic funding provided by Tier One. Tier Two guarantees a specific level of funding per student in weighted average daily attendance, or WADA (to be discussed later), for each penny of tax effort above a school district's maximum Tier One tax rate (also referred to as the state maximum compressed tax rate, or MCR). The funding provided by this additional tax effort is also referred to as enrichment.
- The facilities funding component of the FSP provides school districts (excluding open-enrollment charter schools) with assistance for debt service related to funding school facilities through the following two programs:
    - The Instructional Facilities Allotment (IFA) program provides funding to school districts for debt service payments on debt associated with the purchase, construction, renovation, and expansion of instructional facilities. Districts use this funding to make annual debt service payments on qualifying bonds and lease-purchase agreements.
    - The Existing Debt Allotment (EDA) program provides funding to school districts for debt service payments on eligible bonded debt.

TEA State Allotment Programs Overview

The supplemental state program allotment expenditures should be attributed to programs and services for the eligible identified students and/or appropriate strategies. The programs are structured on an annual basis, and the Foundation School Program (FSP) allotments are paid annually. Therefore, the focus of compliance testing by the Local Education Agency's external auditor during the annual financial audit for the FSP supplemental state allotment program should be for that one-year time period. The required percentages of direct program expenditures made annually per program are listed below.

If a school purchases an item with state program allotment funds, then it must **not be** used for any other purposes. If the item is used for other purposes, they must split-fund the item using a systematic method (e.g., time of use) or reimburse the program for its use.

Additional information on program intent code (PIC), Texas Education Code (TEC), and required annual direct program expenditures is available at: State Allotment Programs | Texas Education Agency.

The 55% required spend for State Compensatory Education was removed in 2025-2026 (HB 2, 89th legislative session). The district shall review and revise the Comp Ed spending plans to align with the updated guidelines. Despite the removal of the 55% spending requirement, the district will continue to prioritize the needs of students identified as at-risk.

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 – TEA pays funds owed to a district, and funds owed by a district are paid to TEA (or TEA reduces the following fiscal year's 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.

Budgeting Special Program Allotments

As a best practice, the district shall ensure that the appropriate program intent code (PIC) and campus/department organization codes are used during the budget and expenditure processes. Expenditures coded to PIC 99 (undistributed) and Organization Code 999 will be distributed by TEA using a methodology that may include: student enrollment by campus, staff FTEs, square footage of buildings (for functions such as 34, 35, 51, etc.), or other methodology as may be determined by TEA.

During the budget process, the estimated state allotment shall be calculated by the Chief Financial Officer using prior-year special program enrollment, average daily attendance (ADA), and projected revenue from the most current Summary of Finance template. The estimated state allotment by special program shall be provided to the Special Programs Administrators. The Special Program Administrators, as noted below, shall be directly responsible for their respective program(s). These special program administrators shall be responsible for the programmatic compliance in their respective program(s). Programmatic compliance shall include, but is not limited to, the following: identification of students eligible for a special program; program design; instructional delivery; entry/exit procedures; professional development; certification; and program evaluation.

- Special Education……..Asst. Superintendent-School Support & Special Services
- Career & Technical Education……..Executive Director- Career & Technical Education
- Gifted & Talented Education…….Coordinator - Advanced Academics
- State Compensatory Education……..Director - Federal Programs
- Bilingual/ESL Education……Asst. Superintendent-School Support & Special Services
- Dyslexia……Asst. Superintendent-School Support & Special Services

- Early Education……..Coordinator - Early Childhood
- CCMR Outcomes Bonus……Executive Director- Counseling & College Career Readiness

The finance department, specifically the Chief Financial Officer, shall be responsible for the financial compliance in each of these special programs. Financial compliance shall include, but is not limited to: budget development & monitoring; approval of expenditures; financial reporting to TEA; financial audits; calculation of per-pupil expenditures by program; budget allocations for compensatory, intensive, and accelerated instruction; student-teacher ratios; and purchasing with state allotment funds.

As part of the budget adoption process, the Chief Financial Officer shall verify that the proposed budget includes appropriations for each special program in an amount *no less* than the required percentages for that program.

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

Changes to coding for the State Compensatory Education Program were issued in October 2025. Final FASRG guidelines will be updated in fall of 2026.

Student Special Program Enrollment Reporting (PEIMS)

The special program enrollment shall be reported to TEA through the PEIMS data submissions. Special Program Administrators shall be responsible for developing procedures to identify student entry and exit from state-mandated special programs. The procedures shall comply with the Texas Education Code, Chapter 29, for each respective special program. The entry and withdrawal of students in special programs shall be in accordance with the district's Attendance Accounting Procedures Handbook, TEA's *Student Attendance Accounting Handbook (SAAH)*, and the *Texas Student Data Standards (TSDS).*

In accordance with the SAAH, the district shall maintain a procedures manual that provides specific, detailed information on the district's school attendance accounting system. The procedures manual must contain information in several areas, as noted in the SAAH, including "which position(s) are responsible for the coding of special programs and how changes to the special programs are to be documented". The PEIMS coordinator shall be responsible for developing and maintaining the school system's attendance procedures manual.

Upon enrollment and throughout the school year, the Student Information System (Frontline SIS) shall be used to record student enrollment in each special program. The student enrollment record shall include the entry and exit date(s) for all special programs that generate state funding.

The PEIMS Coordinator shall ensure that prior to the submission of the Fall, Summer, and Extended Year PEIMS Student Data, all students are properly coded in their respective special programs. The campus principals and the special programs administrator shall review and approve the appropriate TSDS reports prior to all PEIMS Submissions to ensure that the student's special program enrollment is accurate and reasonable relative to historical data.

Staff Full-time Equivalents (FTEs) and Payroll Account Coding

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

- What will the employee do? Determines the function code
- What is the FLSA status of an employee? Determines the object code [Exempt staff – 6119 and Non-exempt staff – 6129]
- Where will employees work? Determines the organization code (may be split)
- Who will benefit? Determines the population served or PIC (may be split)

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

Staff FTEs by special program:
The Staff FTE report shall reflect the names of all staff, the position, and the assignment(s) by PIC code. For example, a teacher who teaches 4 special education classes and 4 career and technical education courses should have .5 FTEs in PIC 23 (Special Education) and .5 FTEs in PIC 22 (Career Technology). The population served codes (**PEIMS Population Served Code Table 030 in Exhibit Section**) 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	Special Education
● Population Served Code 03	PIC 24	Accelerated Education (State Compensatory Education)
● Population Served Code 02	PIC 25	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)
● Population Served Code 06	PIC 33	PK Special Education
● Population Served Code 06	PIC 43	Dyslexia, Special Education

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

The Student Information System (Frontline SIS) shall be used to create the district/campus master schedule, instructor records, and course/section records. Specifically, every course record shall reflect the correct Service ID (as noted on TEDS Code Table C022 Service-ID); and every section course record shall reflect the correct Population Served Code (as noted on TEDS Code Table C030 Population-Served-Code).

The PEIMS Coordinator, in collaboration with the Human Resources and Payroll departments, shall ensure that prior to the submission of the Fall and Summer PEIMS Staff Data, all staff are properly coded in their respective special programs. The campus principals shall review the appropriate TSDS reports prior to all PEIMS Submissions to ensure that the staff data by special program enrollment is accurate and reasonable compared to the historical data.

State Allotment Program Expenditures Compliance
Throughout the fiscal year and at the end of the fiscal year, the Chief Financial Officer shall calculate the periodic and final spend percentages for each special program. The allocated expenditures by program intent code (PIC) shall be used to determine compliance.

If direct expenditures fall below the mandated percentages, the Chief Financial Officer shall ensure that the deficit amount is budgeted in the following fiscal year. The deficit amounts, if any, shall be provided by the Chief Financial Officer to the Special Program Administrators no later than October 1st for planning and budgeting purposes.

TEA Compliance Monitoring
The TEA Special Allotments Monitoring Program (SAMP) methodology and expenditure rate calculation worksheet shall be used by the finance department, specifically the Chief Financial Officer, to ensure compliance with required spend percentages. The SAMP shall include the supplemental state allotment programs: 1) Special Education, 2) Compensatory Education, 3) Bilingual Education, 4) Career and Technology Education, 5) Dyslexia, 6) Early Education, 7) Gifted and Talented, and 8) CCMR.

TEA will notify school systems who have been identified with underutilized supplemental state allotment program funds. Based on the level of underutilization, the TEA may ask the school system to make up the difference in the following year, require corrective action plans, and/or conduct further monitoring review activities to seek school system statutory compliance.

Upon receipt of a TEA Preliminary SAMP report, the Chief Financial Officer shall review the report and submit any additional information to TEA within 10 days of the report. If the results of a TEA Special Allotments Monitoring Program report indicate that the district did not, over a period of three (3) fiscal years, utilize the state allotment program funds in accordance with TEC, TAC, or TEA guidelines, the Chief Financial Officer shall develop a Corrective Action Plan. If the Corrective Action Plan indicates that the district must return state allotment program funds to TEA, the funds shall be submitted to TEA within the allotted time period if the Corrective Action Plan indicates that the district shall correct operational procedures related to the budgeting and expensing of state allotment program funds, the Chief Financial Officer shall draft and implement the operational procedures.

School System Compliance Monitoring
Throughout the fiscal year and at the end of the fiscal year, the Chief Financial Officer shall calculate the periodic and final spend percentages for each special program. The CFO shall use a locally developed compliance tool or the TASBO State Allotment Spending Tool to periodically monitor the school system's compliance.

Use of Funds Report for Select State Allotment Programs
The J-4 must be included in the annual financial audit report in compliance with Texas Education Code §48.104 and §48.105.

- Schedule J-4, Use of Funds Report for the Bilingual Allotment Program (PDF, 106 KB)

- Only **unallocated amounts** coded to general fund 199 should be included on the J-4 schedule.

The Director of Finance and Budget shall complete the Schedule J-4 schedules for audit purposes.

Gifted and Talented

The Gifted and Talented program must adhere to state law, Texas Education Code (TEC) 29.121. Chapter 29 addresses the programmatic guidelines related to eligibility, identification, program services, and use of funds.

TEC Sec. 29.121 defines a "gifted and talented student" as a child or youth who performs at or shows the potential for performing at a remarkably high level of accomplishment when compared to others of the same age, experience, or environment and who:

- exhibits high performance capability in an intellectual, creative, or artistic area;
- possesses an unusual capacity for leadership; or
- excels in a specific academic field.

Using criteria established in TAC 89.1, the school district shall identify and serve gifted and talented students in the district or through a shared services arrangement (SSA). In accordance with School Board Policy EHBB Legal and Local, the district has established the following process to identify and serve gifted and talented students:

Screening:

- The District provides a referral window during the fall semester (for grades 1-12) and the spring semester (for K). Students can be referred for evaluation by a teacher, parent/family member, or a community member. All referred students undergo a full evaluation pending parent consent.
- All students in grade 2 are administered a screening assessment during the fall semester. Any student meeting threshold scores is referred for full GT evaluation pending parent consent.
- The District obtains written parental consent before any testing or individual assessment is conducted as part of the assessment and identification process. All student information collected during the assessment and identification process shall be an educational record, subject to the protections set out in policies at FL.

Assessment:

- The district utilizes data collected through both objective and subjective assessments measured against established criteria to determine individual eligibility for gifted services. Assessments include ability assessments, creativity assessments, achievement assessments, and teacher/parent surveys.
- Multiple criteria are utilized for identification.

Final selection and Notification:

- A selection committee consisting of at least three local district educators (who have received training in the nature and needs of gifted and talented students) reviews assessment and identification data to determine if placement in GT services is the most appropriate educational setting.
- The District provides written notification to parents of students who qualify for services. Written permission is obtained from the parents before Gifted and Talented services are provided to the student.

Learning Opportunities/Program Services:

- Identified Gifted and Talented students are provided services through differentiated instruction in the four core academic areas and/or through pull-out services.
- Gifted and Talented students are also provided opportunities for enrichment through academic competitions and programs (including, but not limited to Destination Imagination, UIL, UIL A+, Camp Invention)

Program changes such as furloughs, reassessment, exiting students from GT, transfer students, and appeals of district decisions:

- If the District reassesses students receiving gifted and talented services, the reassessment shall be based on a student's performance in response to services and shall occur no more than once in elementary grades, once in middle school grades, and once in high school grades
- The district may place on a furlough any student who is unable to maintain satisfactory performance or whose educational needs are not being met by GT services. A furlough may be initiated by the district, the parent, or the student
- If at any time, the selection committee or a parent determines it is in the best interest of the student to exit the program, the selection committee shall meet with the parent and student before finalizing an exit decision
- When a student identified as gifted by a previous school enrolls in the district, the selection committee shall review the student's records and conduct assessment procedures when necessary to determine if placement for gifted and talented services is appropriate.
- When a student transfers from one campus in the district to the same grade level at another district campus, they shall continue to receive gifted and talented services.
- Program Evaluation:
- The district utilizes a District Advisory Committee to conduct program evaluations. Data used to drive the decisions include student performance, stakeholder surveys, and other metrics aligned to the Texas State Plan for the Education of Gifted/Talented Students.

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

Each school district must annually certify to the commissioner that the district has established a program for gifted and talented students as required by Chapter 29 and that the program is consistent with the state plan developed under Section 29.123. Failure to comply with this requirement may result in the commissioner reducing the district's total state funding in accordance with TEC 29.124.

The Assistant Superintendent of Teaching and Learning, with oversight responsibility to certify the Gifted & Talented special program data prior to submission to TEA, shall be as noted on the Texas Education Agency's TEAL application.

Career and Technical Education (CTE)

The Career and Technical Education program must adhere to state law, Texas Education Code (TEC) 29.181 and TEC 48.106. Chapter 29 addresses the programmatic guidelines related to eligibility, identification, and program services. Chapter 48 addresses the funding weight(s) and allowable costs.

For each full-time equivalent student in average daily attendance in an approved career and technology education program in grades 7 through 12:

- 1.1 for a full-time equivalent student in career and technology education courses not in an approved program of study;
- 1.28 for a full-time equivalent student in levels one and two career and technology education courses in an approved program of study, as identified by the agency; and
- 1.47 for a full-time equivalent student in levels three and four career and technology education courses in an approved program of study, as identified by the agency.

The district is eligible to receive weighted funding for eligible full-time equivalent (FTE) students in approved Career and Technology Education (CTE) programs. The CTE allotment applies to students in grades 7-12 who take an approved career and technical education (CTE) course designated with an "H" in the CTE course column of the Texas Education Data Standards, Section 4, CTE Service-ID (C3013) code table.

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

Special Education

The Special Education program must adhere to state law, Texas Education Code (TEC) 29.003 and TEC 48.102. Chapter 29 addresses the programmatic guidelines related to eligibility, identification, and program services. Chapter 48 addresses the funding weight(s) and allowable costs.

Per TEC 48.102, for each student in average daily attendance in a special education program under Subchapter A, Chapter 29, in a mainstream instructional arrangement, the district is entitled to an annual allotment equal to the basic allotment, or, if applicable, the sum of the basic allotment and the allotment under Section 48.101 to which the district is entitled, multiplied by 1.15. For each full-time equivalent student in average daily attendance in a special education program under Subchapter A, Chapter 29, in an instructional arrangement other than a mainstream instructional arrangement, the district is entitled to an annual allotment equal to the basic allotment, or, if applicable, the sum of the basic allotment and the allotment under Section 48.101 to which the district is entitled, multiplied by a weight determined according to instructional arrangement as follows:

- Homebound 5.0
- Hospital class 3.0
- Speech therapy 5.0
- Resource room 3.0
- Self-contained, mild and moderate, regular campus 3.0
- Self-contained, severe, regular campus 3.0
- Off home campus 2.7
- Nonpublic day school 1.7
- Vocational adjustment class 2.3

Beginning in SY 2025–26, each school system is entitled to $1,000 for every completed Full Individual and Initial Evaluation (FIIE) to determine special education eligibility (TEC §48.159). This requirement is part of the Foundation School Program (FSP) allotment and will appear in the Summary of Finances (SOF). School systems participating in a shared services arrangement (SSA) are responsible for reconciling with the SSA fiscal agent and, as applicable, reimbursing the agent for costs incurred on the school system's behalf. For SY 2025–26, the SOF will include estimated counts (based on SY 2024–25). TEA will reconcile the allotment at near-final settle-up in September 2026 using the actual number of FIIEs reported for SY 2025–26. Source: https://tea.texas.gov/about-tea/government-relations-and-legal/government-relations/89thlege-hb2-article4-special-education-faq.pdf

For the 2026-2027 school year, the amount of an allotment under this section shall be determined in accordance with Section 48.1022. This subsection expires September 1, 2027.

The commissioner by rule shall establish five service groups for use in determining funding under this section. In establishing the groups, the commissioner must consider:

(1) the type, frequency, and nature of services provided to a student;

(2) the required certifications, licensures, or other qualifications for personnel serving the student;

(3) any identified or curriculum-required provider-to-student ratios for the student to receive the appropriate services; and

(4) any equipment or technology required for the services.

Not later than December 1 of each even-numbered year, the commissioner shall submit to the Legislative Budget Board, for purposes of the allotment under this section, proposed amounts of funding for the service groups for the next state fiscal biennium.

For the 2026-2027 school year, the commissioner may adjust weights or amounts provided under Section 48.102 or 48.1021 as necessary to ensure compliance with requirements regarding maintenance of state financial support under 20 U.S.C. Section 1412(a)(18) and maintenance of local financial support under applicable federal law.

For the 2026-2027 school year, the commissioner shall determine the formulas through which school districts receive funding under Sections 48.102 and 48.1021. In determining the formulas, the commissioner shall ensure the estimated statewide amount provided by the sum of the allotments under Sections 48.102 and 48.1021 for the 2026-2027 school year is approximately $250 million greater than the amount that would have been provided under the allotment under Section 48.102, as that section existed on September 1, 2025, for that school year, calculating both amounts using the basic allotment in effect for the 2026-2027 school year.

Reference: 89thlege-hb2-article4-special-education-faq.pdf

Additional weights for students served in residential treatment facilities, extended year services, and students with dyslexia or a related disorder are addressed in TEC 49.102.

The district is required under IDEA B regulations (34 CFR 300.201 and 301.149) to develop and implement policies, procedures, and practices related to the provision of special education services to eligible students. The district's written policies and procedures are hyperlinked below:

- Special Education Policies: Please refer the the Local Board Policy Link
    - General and Fiscal Guidelines
    - Distribution of Funds
    - Use of State Funds
    - Use of IDEA B Funds
- Special Education Program Procedures and Practices (add hyperlinks to procedures and practices)
    - Child Find Procedures
    - Evaluation Procedures
    - Free and Appropriate Public Education

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 Assistant Superintendent of School Support & Special Services with oversight responsibility to certify the Special Education program data prior to submission to TEA shall be as noted in Texas Education Agency's TEAL application.

Compensatory Education (SCE)

The Compensatory Education program must adhere to state law, Texas Education Code (TEC) 29.081 and TEC 48.104. Chapter 29 addresses the programmatic guidelines related to eligibility, "at risk" identification, and program services. Chapter 48 addresses the funding formula and allowable costs. The SCE program is funded based on the fall PEIMS snapshot count of enrolled students who are reported as economically disadvantaged and the census-based weight associated with each identified student's home address. The weights assigned to the five tiers of the index established under Subsection (c) are, from least to most severe economic disadvantage, 0.225, 0.2375, 0.25, 0.2625, and 0.275. If insufficient data is available for any school year to evaluate the level of economic disadvantage in a census block group, a school district is entitled to an annual allotment equal to the basic allotment multiplied by 0.225 for each student who is educationally disadvantaged and resides in that census block group.

The PEIMS Coordinator shall be responsible for ensuring that all students are identified and reported in their census block group. The census block data shall be submitted with the TSDS/PEIMS Data.

The district shall use the SCE allotment for *supplemental* programs and services as authorized in TEC 48.104 such as:

- funding supplemental programs and services designed to eliminate any disparity in performance on assessment instruments administered under Subchapter B, Chapter 39, or disparity in the rates of high school completion between:
    - students who are educationally disadvantaged and students who are not educationally disadvantaged; and
    - students at risk of dropping out of school, as defined by Section 29.081, and all other students; or
- support a program eligible under Title I of the Elementary and Secondary Education Act of 1965
- A student who does not have a disability and resides in a residential facility
- A student who is in a remedial and support program because the student is pregnant

All student identification and enrollment shall meet the special program guidelines in the Student Attendance Accounting Handbook (SAAH). Student enrollment data shall be submitted to TEA through the PEIMS Fall Submission as of the snapshot date. The campus administrator (Principal) and the Child Nutrition Administrator shall be responsible for the collection, maintenance, and verification of student home address and free/reduced lunch eligibility, respectively.

In addition, the Components of the SCE Planning cycle should be documented by the SCE Coordinator. The components should include:

- Identification of the students based on statutes, rules, and other reliable data sources
- Comprehensive assessment of each student's needs so that the appropriate compensatory, intensive, and or accelerated instruction services, and or dropout prevention services are provided
- Design appropriate SCE services for students that enable them to be performing at grade level at the conclusion of the next regular school year, and provide services to prevent at-risk students from dropping out of school
- Adoption of a budget to support SCE programs
- Delivery of services to students
- Evaluation and documenting (Assessing) the effectiveness of accelerated instruction programs and any disparity in performance on assessment instruments administered under TEC, Chapter 39, Subchapter B, or the disparity of high school completion between students at-risk of dropping out of school and all other students in the school district.
- Holding a public hearing to discuss the results of the SCE program evaluation
- Improve the program based upon evaluation results and stakeholder input

Identification of Students

The Campus Principals (or designees) shall use the student performance data from state assessments to design and implement appropriate compensatory, intensive, or accelerated instructional services for students that enable them to perform at grade level at the conclusion of the next regular school term.

In addition, secondary Campus Principals (or designees) shall provide accelerated instruction to a student enrolled in the district who has taken an end-of-course assessment and has not performed satisfactorily on the assessment instrument or who is at risk of dropping out of school. The campus shall offer, before the next scheduled administration of the assessment instrument, without cost to the student, accelerated instruction to each student in any subject in which the student failed to perform

satisfactorily on an end-of-course assessment instrument required for graduation. The Chief Financial Officer shall budget separately for costs related to the end-of-course accelerated instruction.

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 fifteen (15) at-risk indicators in state law. Districts may also use compensatory education funds to support students who are identified as economically disadvantaged, even if they are not identified as at risk. The Campus Principal, or designee, at each campus shall be responsible for the identification of all at-risk students. The at-risk student enrollment shall be reported to TEA through the PEIMS Fall Submission.

At-Risk Criteria – State Law (TEC 29.081)

For the purposes of TEC 29.081, a student at risk of dropping out of school includes a student who is under 26 years of age and who:

1. was not advanced from one grade level to the next for one or more school years;
2. if the student is in grade 7, 8, 9, 10, 11, or 12, did not maintain an average equivalent to 70 on a scale of 100 in two or more subjects in the foundation curriculum during a semester in the preceding or current school year or is not maintaining such an average in two or more subjects in the foundation curriculum in the current semester;
3. did not perform satisfactorily on an assessment instrument administered to the student under Subchapter B, Chapter 39, and who has not in the previous or current school year subsequently performed on that instrument or another appropriate instrument at a level equal to at least 110 percent of the level of satisfactory performance on that instrument;
4. if the student is in prekindergarten, kindergarten, or grade 1, 2, or 3, did not perform satisfactorily on a readiness test or assessment instrument administered during the current school year;
5. is pregnant or is a parent;
6. has been placed in an alternative education program in accordance with Section 37.006 during the preceding or current school year;
7. has been expelled in accordance with Section 37.007 during the preceding or current school year;
8. is currently on parole, probation, deferred prosecution, or other conditional release;
9. was previously reported through the Public Education Information Management System (PEIMS) to have dropped out of school;
10. is a student of limited English proficiency, as defined by Section 29.052;
11. is in the custody or care of the Department of Family and Protective Services or has, during the current school year, been referred to the department by a school official, officer of the juvenile court, or law enforcement official;
12. is homeless, as defined by 42 U.S.C. Section 11302, and its subsequent amendments;
13. resided in the preceding school year or resides in the current school year in a residential placement facility in the district, including a detention facility, substance abuse treatment facility, emergency shelter, psychiatric hospital, halfway house, cottage home operation, specialized child-care home, or general residential operation; or
14. has been incarcerated or has a parent or guardian who has been incarcerated, within the lifetime of the student, in a penal institution as defined by Section 1.07, Penal Code.
15. is enrolled in a school district or open-enrollment charter school, or a campus of a school district or open-enrollment charter school, that is designated as a dropout recovery school under Section 39.0548
16. is a chronically absent student, as defined by 49.009

17. is required to attend school and fails to attend school without excuse for 10 or more days or parts of days within a six-month period in the same school year.

The school system's methodology for calculating the 110% satisfactory performance on all assessments is based on Region 12's 110% and student data pulled from Eduphoria.

The PEIMS Coordinator shall be responsible for identifying students who meet one or more of the at-risk indicators listed above. The students' at-risk status shall be indicated on the Student Information System, Frontline SIS. Documentation must be maintained on file to support the identification and noted on the Student Information System.

Local At-Risk Criteria – School Board Approved
The district may use SCE funding to serve students who are identified as at risk using local eligibility criteria. The district's School Board has not adopted additional local eligibility criteria for at-risk.

If local criteria are adopted, the Campus Principal (or designee) shall ensure that students identified with local eligibility criteria are documented in the Student Information System and shall calculate the percentage of students meeting local criteria to ensure that the state maximum of 10% is not exceeded at any point of the school year.

Student Entry and Exit into SCE Program
The effective date and reason for student entry into the SCE Program shall be documented by the Campus Principal (or designee) and entered into the Student Information System by the PEIMS department. Students who are identified for exit are coded by the PEIMS department to end at July rollover. All changes in student eligibility to be served in the SCE Program shall be entered in the Student Information System.

District & Campus Improvement Plans
The SCE program compliance is unlike the other special programs in that it requires specific procedures and documentation as outlined in the Financial Accounting System Resource Guide (FASRG) Module 6. The District Improvement Plan (DIP) and Campus Improvement Plans (CIP) are the primary source of documentation for the expenditure of SCE funds. The DIP and CIPs shall include the SCE goals, strategies, activities and resources (Staff FTEs and budgeted funds).

All school districts and open-enrollment charter schools, whose SCE allotment is **$750,000** or more for the previous fiscal year, are required to submit district and campus improvement plans (DIP and CIPs) and an annual local SCE program evaluation to the TEA to evaluate SCE program compliance.

The District's preparation and submission dates shall be as noted below to ensure compliance with this critical requirement:

- Campus principals and District personnel shall submit their final CIPs and DIP to the Director of Federal Programs, through Plan4Learning, by September 30th for review.
- Campus principals and District personnel shall include the SCE goals, strategies, activities and resources (Staff FTEs and budgeted funds) in their Campus Improvement Plan (CIP) and District Improvement Plan (DIP).
- CIPs and DIP shall be submitted to the Board for final approval during the fall semester.
- Campus principals and district personnel shall review CIPs and DIP quarterly: November, January, March, June. Summative evaluation of DIP and CIP shall be completed by June 30th.

SCE Program Services
Consistent with the Goals and Strategies identified in the DIP and CIPs, the Campus Principal shall ensure that each eligible student receives services based on their needs. The Campus Principal shall encourage parental participation in the planning of educational services for their child and shall be informed of available services such as extended year program, tutoring, and/or summer school. The SCE program services shall also be in accordance with School Board Policy EHBC Legal and Local.

SCE Program Evaluation
The district is required to annually evaluate and document the effectiveness of its designated SCE program in:

- reducing any disparity in the performance on assessment instruments administered under TEC, Chapter 39, Subchapter B;
- reducing any disparity in the rates of high school completion between students at risk of dropping out of school and all other district students;
- reducing any disparity in the rates of high school completion between educationally disadvantaged students and all other district students; and
- annually hold a public hearing to discuss the results of the school system's evaluation of the accelerated instruction programs and services; and
- include the results of this evaluation in the school district's DIP and CIP
- the methodology that will be used by the MTSS Coordinator to evaluate (both formative and summative) and document the effectiveness of the SCE program

Supplement and Supplant Compliance
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 6 State Compensatory Education shall be used to determine the district's compliance with supplement and supplant provisions.

Bilingual and ESL

The Bilingual and ESL (Emergent Bilingual) program must adhere to state law, Texas Education Code (TEC) 29.053 and TEC 48.105. Chapter 29 addresses the programmatic guidelines related to eligibility, identification, and program services. Chapter 48 addresses the funding weight(s) and allowable costs.

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

The district offers a Bilingual or English as a Second Language (ESL) (Emergent Bilingual) program. The Director of Specialized Programs and the Emergent Bilingual Coordinator shall be responsible for the Bilingual/ESL Program compliance monitoring in the following areas:

Establishment of LPAC Committee

- Selection of Bilingual or ESL Educator
- Campus Administrator
- Parent Representative
- ARD Committee Representative (optional)
- LPAC Confidentiality Statements

Identification of students
- Collection and Review of Home Language Surveys
- Cumulative Folder Documentation Checklist

LPAC Process
- Initial Review
- LPAC Meeting Minutes
- LPAC Monitoring of Reclassified Student
- LPAC Annual Review

Placement
- Parent notification of Initial Identification and Approval of Placement
- Parent approval or denial of services
- Parent notification of Reclassification and Approval of Program Exit
- Parent notification of student progress

Program Description
The district currently offers the following type(s) of Bilingual/ESL programs: [Select appropriate type(s)]
- Bilingual – standard or alternative education
- ESL – standard or alternative education
- Dual Language immersion, one-way or two-way program
- Dual Language immersion two-way program

Program Entry and Exit Procedures
- The entry procedures shall include:
- Assessment-Entry into Program using the Oral Language Proficiency test for our PK-12th grade is LAS Links. OLPT Proficiency Levels to determine eligibility: 1-5.
- Levels 1-3 would indicate Limited English Proficient Levels 4-5 would indicate English Proficient Written notice is provided to parents explaining results of the OLPT.
- Placement LPAC determines eligibility, placement, and recommends either a Bilingual or ESL Program. Parents are then notified of placement and must sign the Parental Notification-Identification and Placement form.
- Coding A PEIMS Data Collection Form is submitted to the secretary at the Bilingual/ESL Department.
- Type of Program placement: Bilingual or ESL District only offers
    - B4=Dual Language immersion/two-way English Learners and non-English learners in a class together
    - B5=Dual language immersion/one-way English Learners in a class together
    - E2=ESL/Content-Based ELAR, Math, Science, Social Studies teachers are ESL certified
    - E3 = ESL/Pull Out ONLY ELAR teacher is ESL certified
- Date of Entry/Date of Denial - If the parent denies the program, a Denial conference must be held with a representative from the Bilingual office.

The exit procedures shall include:

- The district does not RECLASSIFY an identified student from a BE/ESL Program until the end of 2nd grade. Reclassification Criteria
- A student may be reclassified at the end of a school year based on the following items: A 2nd, 11th, or 12th grade student, who has been identified as Limited English proficient, must achieve at the 40th percentile or higher on the Language Arts and Reading portions of the Iowa Test of Basic Skills (ITBS), receive Advanced High on all portions of the Texas English Language Proficiency Assessment System (TELPAS), and be recommended for reclassification as reflected in a Teacher Evaluation Rubric.
- A 3rd-10th grade student, who has been identified Limited English proficient, must meet the passing standard(Approaches) on English STAAR Reading. They must also receive an Advanced High on all portions of the TELPAS and be recommended for reclassification on a Teacher Evaluation.
- Parent Notification A parent must be notified of the placement of their student into an English program as well as the reclassification of a student.
- An Exit letter and LPAC documentation must be completed with the information of student status. The Exit letter must be signed and returned by the parent.
- Coding A PEIMS Data Collection form must be completed and submitted to the Secretary of the Bilingual and ESL Division.
- Student then becomes a MONITOR student for four years (2nd, 3rd, 4th, and 5th)
- Students who are 5th year monitors will be coded as former LEP status.
- See Bilingual and ESL Handbook for procedures regarding students receiving special education.

Please refer to the Bilingual and ESL Handbook for all aforementioned procedures.

The Chief Financial Officer shall ensure that the appropriate program intent codes (PIC) are used to record Bilingual/ESL Program expenditures.

The Bilingual Education allotment may be used to pay for teachers that are basic and not supplemental to the program as of the 2025-2026 school year.

The Assistant Superintendent of School Support & Special Services with oversight responsibility to certify the Bilingual and ESL special program data prior to submission to TEA shall be as noted on the Texas Education Agency's TEAL application.

New Allotments created by HB 3, 86th Legislative Session

House Bill 3 created three new allotments that will require financial reporting: the dyslexia allotment, the college, career and military readiness (CCMR) outcomes bonus, and the early education allotment.

Dyslexia

The use of the dyslexia allotment must be in accordance with TEC 48.103 and can be used only for a student who is receiving services in accordance with an IEP under Section 29.005 or a plan developed under Section 504, is receiving instruction that meets dyslexia criteria established by the State Board of Education and is provided by a person with specific training in providing that instruction, or that is permitted to use modifications in the classroom or accommodations in the administration of assessment

instruments on the basis of having dyslexia or a related disorder. School districts are prohibited from using more than 20 percent of the dyslexia allotment to contract with a private provider to provide supplemental academic services recommended in the student's IEP or 504 plan. Students may not be excused from school to receive these supplemental services. At least 100 percent of the dyslexia allotment must be used in accordance with TEC 48.103.

School systems are required to spend 100% of the dyslexia allotment funds on services for students with dyslexia and related disorders. School systems should determine the most effective use of funds so that students identified with dyslexia and related disorders receive the maximum benefit. It is also important to code expenses to the appropriate program intent codes (PICs). The Financial Accountability System Resource Guide (FASRG) maintains the PIC of 37, which is used for dyslexia-related screening, evaluation, and identification, as well as for students who are provided regular education aids and services provider under a Section 504 plan. The FASRG also maintains the PIC of 43, which is used for dyslexia-related expenses associated with students who are identified with dyslexia or a related disorder and receive special education services. Expenses associated with anything prior to special education service delivery could be coded to PIC 37, and once special education is provided (e.g., provision of evidence-based dyslexia program), those expenses are coded to PIC 43. Note that a student may receive both the special education allotment and the dyslexia allotment when both are applicable to the student.

For each student that a district serves in accordance with this section who has been identified as having dyslexia or a related disorder, the school district is entitled to an annual allotment equal to the basic allotment multiplied by 0.1.

Additional TEA guidance is available at: Dyslexia and Related Disorders | Texas Education Agency and in the Texas Dyslexia Handbook and Appendix A: Q&A Related to Dyslexia Handbook.

Early Education Allotment

The use of the early education allotment must be in accordance with TEC 48.108 and can only to fund programs and services designed to improve student performance in reading and math in grades prekindergarten through three, including programs and services designed to assist the district in achieving the goals from the district's early childhood literacy and mathematics proficiency plans adopted under TEC 11.185. At least 100 percent of the early education allotment must be used in accordance with TEC 48.108.

For each student in average daily attendance in kindergarten through third grade, a school district is entitled to an annual allotment equal to the basic allotment multiplied by 0.1 if the student is:

- educationally disadvantaged; or
- an emergent bilingual student, as defined by Section 29.052, and is in a bilingual education or special language program under Subchapter B, Chapter 29.

There are several compliance requirements stated in TEC 11.185 related to an Early Childhood Literacy and Mathematics Proficiency Plan, its components/goals, annual review, and posting on the district's website.

College, Career, and Military Readiness (CCMR)

At least 55 percent of the college, career, and military readiness outcomes bonus must be used in accordance with TEC 48.110 in grades 8 through 12 to improve college, career, and military readiness outcomes.

CCMR bonuses are paid for each annual graduate above a certain threshold percentage for each of the following cohorts:

- Educationally Disadvantaged: $5,000 for each CCM-Ready educationally disadvantaged graduate above the established threshold
- Non-Educationally-Disadvantaged: $3,000 for each CCM-Ready non-educationally disadvantaged graduate above the established threshold
- Special Education: $4,000 for each CCM-Ready annual graduate enrolled in a special education program, regardless of whether the graduate is educationally disadvantaged

There are several compliance requirements stated in TEC 11.186 related to a College, Career, and Military Readiness Plan, its components/goals, annual review, and posting on the district's website.

Part II - Federal Grants

Acronyms and definitions related to federal grant management are listed in the EDGAR, Subpart A, 200.0 through 200.1, respectively, and may be accessed at: Education Department General Administrative Regulations (EDGAR) and Other Applicable Grant Regulations.

Some definitions changed as a result of the 2024 EDGAR updates. While the language in some definitions was clarified, the definitions for other terms were updated or added as noted below:

- Continuation funding – means the second or subsequent budget period within an identified period of performance
- Cost sharing – includes matching, which refers to required levels of cost share that must be provided
- Equipment means tangible personal property (including information technology systems) with a useful life of more than one year and a per-unit acquisition cost equal to or exceeding the lesser of the capitalization level established by the recipient or subrecipient for financial statement purposes or $10,000.
- Micro-purchase means an individual procurement transaction for supplies or services, the aggregate amount of which does not exceed the micro-purchase threshold.
- Participant generally means an individual participating in or attending program activities under a federal award, such as trainings or conferences, but is not responsible for implementation of the federal award.
- Participant support costs means direct costs that support participants and their involvement in a federal award, such as stipends, subsistence allowances, travel allowances, registration fees, temporary dependent care, and per diem paid directly to or on behalf of participants.
- Period of performance means the time interval between the start and end date of a federal award, which may include one or more budget periods.
- Prior approval means the written approval obtained in advance by an authorized official of a federal agency or pass-through entity for certain costs or programmatic decisions.
- Supply means all tangible personal property other than those described in the equipment definition with an acquisition cost that is below the lesser of the capitalization threshold established by the recipient or subrecipient for financial statement purposes or $10,000 regardless of the length of its useful life.

General Provisions (Conflict of Interest & Disclosure)

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

Federal Regulations (EDGAR)

- The district must disclose in writing any potential conflict of interest to the federal agency or pass-through entity in accordance with the federal agency's established policies. [2 CFR 200.112]
- The district must *promptly* disclose whenever, in connection with the federal award (including any activities or subawards), it has credible evidence of a violation of federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations. The disclosure must be made in writing to the federal agency, Office of Inspector General, and the pass-through entity (if applicable). [2 CFR 200.113 Mandatory Disclosure]

- The district shall execute an organizational conflict of interest disclosure (signed by the Superintendent) only if the district enters into a relationship with an outside entity as described in the EDGAR organizational conflict regulations. **[2 CFR 200.318(c)(2)]** At this time, the district has no such relationships.
- The district has developed a **Purchasing Conflict of Interest Form** to disclose employee conflicts related to purchasing, contract management, or other expenditures of federal grant funds. [EDGAR requires that employees engaged in the selection, award, and administration of contracts disclose conflicts to the district.] **2 CFR 200.318(c)(1)]**

State Regulations (State Law)

The District has established conflict of interest policies [School Board Policy BBFA, CAA, CB, CBB, and DBD]:

- School Board Policy BBFA Legal & DBD Legal states: A local government officer (defined as the School Board and Superintendent) shall file a conflicts disclosure statement with respect to a vendor if the vendor enters into a contract with the district or the district is considering entering into a contract with the vendor and the officer has a conflict of interest or has accepted gifts in excess of $100 in the aggregate in a 12-month period.
- School Board Policy CHE Legal states: A vendor that bids on or receives a contract from a district commits an offense if any individual serving on the board of the district meets the provisions of TEC 11.067, such as has a substantial interest in the vendor, accepts or is promised a gift of more than $250, or is related in the second degree by consanguinity to an individual that has a substantial interest in the vendor.

Local Regulations (Local Board Policy and/or Procedures)

- School Board Policy CB Local states: Each employee, board member or agent of the district who is engaged in the selection, award or administration of a contract supported by a federal grant or award and who has a potential conflict of interest as defined at Code of Federal Regulations, Title 2, section 200.318, shall disclose to the district, in writing, any conflict that meets the disclosure threshold in Chapter 176 of the Local Government Code. In addition, each employee, board member, or agent of the district shall comply with any other conflict-of-interest requirements imposed by the granting agency or a pass-through entity.
- School Board Policy DBD Local states: Any other employee who is in a position to affect a financial decision involving any business entity or real property in which the employee has a substantial interest, as defined by Local Government Code 171.002, shall file an affidavit with the Superintendent; however, the employee shall not be required to file an affidavit for the substantial interest of a relative.

Disclosure Requirements

- The district shall comply with all additional conflict-of-interest requirements imposed by the federal granting agency and/or the pass-through entity (TEA).
    - The District shall disclose in writing to the granting agency and/or pass-through entities any potential conflict of interest concerning the expenditure of federal or state grant funds. The TEA Division of Grants Administration Conflict of Interest Disclosure Form (available in SmartSheets) shall be used to disclose the potential conflict. The Chief Financial Officer or the Director of Finance shall complete and submit the disclosure form, as appropriate.
    - 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. The TEA Division of Grants Administration Conflict of Interest Disclosure Form (available in SmartSheets) shall be used to disclose the violation(s).

- The Chief Financial Officer shall be responsible for overseeing, reporting, and documenting any fraud, abuse, or waste of federal grant funds.
- The Superintendent or designee shall be responsible for completing the Certification Statement on the TEA Division of Grants Administration Conflict of Interest Forms.
- The District shall reclassify fraudulent expenditures made with federal grant awards to local district funds, i.e., the General Fund, on a temporary basis and shall seek to recover the funds for fraudulent expenditures from the individual(s) perpetrating the fraud.

Conflict of Interest Forms:

- Lubbock ISD Procurement Conflict of Interest Form
- Conflict of Interest Disclosure (CID) – Texas Ethics Commission
- Conflict of Interest Disclosure Form - TEA Division of Grants Administration
- Mandatory Disclosure Form - TEA Division of Grants Administration

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

In addition, in Board Policy CB Local, 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 exceeds a nominal (individual) value of $50 and an aggregate value of $100 in a 12-month period. The unsolicited gifts or tokens may be a nominal meal, vendor exhibit promotional items, calendars, or other nominal value items not specifically excluded below:

- Items prohibited at 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 Superintendent or designee.

Pre-Federal Award Requirements:

The federal awarding agency and pass-through entities, in accordance with **2 CFR 200.332**, are required to evaluate the District's risk with respect to financial stability, quality of the management system, history of performance (grants), audit reports, and ability to effectively implement the grant program.

To comply with this requirement, the Federal Fiscal Monitoring Division at TEA conducts an annual risk assessment of all subrecipients, including local educational agencies, to determine their potential risk of noncompliance. Based upon the outcome of the risk assessment, subrecipients are assigned a risk level of low, medium, or high.

The division updates the risk assessment model annually to ensure that risk indicators and weights reflect current risks, such as economic conditions, political conditions, regulatory changes, unreliable information, financial problems that could lead to diversion of grant funds, loss of essential personnel,

loss of accreditation, rapid growth, new activities, products, or services, and organizational restructuring.

The risk assessment criteria include indicators and weights derived from multiple sources. Each subrecipient is allotted points based on these criteria and assigned a risk level of high, medium, or low based on the total points.

The current TEA criteria for determining risk level are available on the TEA website at: Annual Federal Fiscal Risk Assessment | Texas Education Agency.

The effects of the district's risk level determined by TEA may impact the districts in the following ways:

- Differentiated Grant Negotiation - TEA uses a differentiated grant negotiation process for federal grant applications. Organizations with a medium or high-risk level are subject to a more stringent grant negotiation review than those with a low risk level.
- Subrecipient Monitoring - Each year, TEA selects subrecipients for fiscal monitoring according to their risk levels. The higher your organization's risk level, the more likely you are to be selected for monitoring.

The Chief Financial Officer shall obtain the district's risk assessment level by accessing the GFFC Reports and Data Collections secure application annually.

The District shall implement strategies as noted below to ensure that the risk level for federal grants management is determined to be "low":

- Timely submission of all required programmatic and financial reports
- Timely and consistent submission of reimbursement requests is an indication that the district is regularly spending the federal grant funds to conduct approved grant activities
- Complying with the federal grant award fiscal guidelines and allowable cost principles
- Ensuring that all grant-related staff are properly trained in their respective grant management role
- Developing and implementing district policies and procedures for all critical business functions
- Developing and implementing grant management procedures and internal controls

If the District is determined to be a "high risk" district, it shall comply with all additional requirements 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 achieve "low risk" entity status.

No pre-award expenses or obligations shall be made by the District prior to the approval of the federal granting agency or pass-through entity. **[2 CFR 200.458]** Non-authorized pre-award expenses, if any, shall be paid from local District funds, i.e., the General Fund.

Grant Application Process

The district may be eligible to apply for "entitlement" and/or "competitive" federal grant funds.

Federal entitlement grant funds include, but are not limited to, the Every Student Succeeds Act (ESSA), Individuals with Disabilities Education Act (IDEA), and Carl D. Perkins. The Grant Manager shall obtain the annual entitlement amounts and begin the grant development process with the appropriate stakeholders.

Entitlement awards for the district are posted on the TEA Grants Management webpage at Grant Allocations and Award Balances.

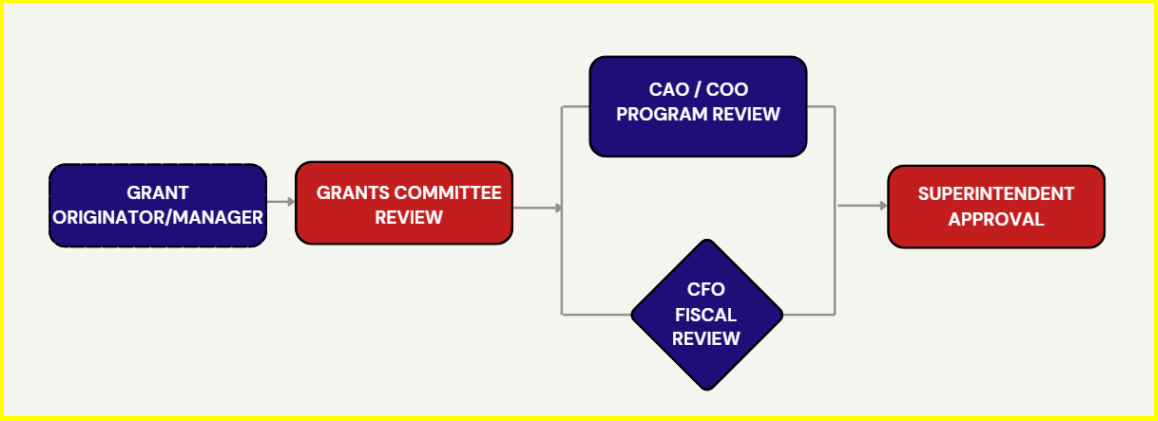
A list of competitive grants administered by the TEA is also posted on the TEA Grants Management webpage. The Coordinator of Research and Innovation shall obtain the competitive grant information to determine whether the grant(s) are appropriate for the district. Some competitive grants may have matching-funds and/or in-kind payment requirements, which may place a burden on the district's available financial resources.

TEA's Grant Opportunities web page provides a wealth of information related to available grants.

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

The school district's federal grant application process is illustrated below in a flowchart (Illustration 1). As noted on the flowchart, all grant applications must be reviewed by the Finance Department, the Academic Support Team, and the Grants Management Committee. 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.

Grant Application Approval Flowchart



The final approval of all grant applications shall be made by the Superintendent. [Refer to School Board Policy CB Local].

The Grants 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 are followed and are adequately documented if prior approval is required by the granting agency or pass-through entity (TEA).

Prior Written Approval
The reasonableness and allocability of certain costs under Federal awards may be difficult to determine. To avoid subsequent disallowance or dispute based on unreasonableness or non-allocability, the recipient may seek the prior written approval of the Federal agency (or, for indirect costs, the cognizant agency for indirect costs) before incurring the cost. **[2 CFR200.407]**

TEA requires subgrantees to justify and document their intent to expend grant funds on certain activities. These activities must be allowable per Program Guidelines. Before undertaking the following activities, the Grant Manager will obtain the completed applicable justification form and maintain it locally. The completed forms must be submitted to TEA upon request:

- Student educational field trips – TEA Division of Grants Administration form
- Hosting or sponsoring conferences - TEA Division of Grants Administration form
- Out-of-state travel - TEA Division of Grants Administration form

The Grants Manager shall obtain pre-approval for the following activity identified by the granting agency or pass-through entity (TEA). An approved copy of a pre-approval form, if required, shall be attached to the purchase order for audit purposes:

- Request for Approval of Special or Unusual Costs – TEA Division of Grants Administration form

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

The grant application shall be the source document to create the original budget. The Grant Accountant shall review the grant application, especially the Budget Schedules, and only budget allowable expenditures and object categories. Reserved funds, if any, shall be included in the original budget.

The district may calculate the estimated carryover of federal grant funds after submission of the Final Expenditure Report and budget the estimated carryover with a goal of spending the prior year's grant funds early in the next grant period. However, the district shall reconcile the estimated carryover funds with TEA's subsequent official notification of carryover and amended NOGA. In the event that the district overestimated the carryover funds, the district shall reclassify the excess carryover to current-year federal funds or non-federal funds as needed. In the event that the district underestimated the carryover funds, the district shall amend its budget to reflect the final carryover amount and again ensure that it spends prior-year grant funds first/prior to the end of the 27-month availability.

The Grant Accountant shall notify the Grant Manager when the funds have been budgeted and are ready for expenditure by the appropriate campus or department. All campuses/departments must develop an approved detailed budget that aligns with grant objectives and DIP/CIP before funds may be expended.

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

Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion

The district must not award a contract [required for all federal grants, regardless of dollar amount] to a vendor that is debarred, suspended, or otherwise excluded from, or ineligible for participation in, federal grant award programs. **[2 CFR 200.213]**

The Procurement department shall verify each vendor's eligibility under this certification requirement by requesting that the vendor execute the Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion for Covered Contracts and Grants Form before awarding a contract and/or issuing a purchase order. A copy of the certification Form shall be maintained with the contract and/or purchase order for audit purposes. Certification forms shall be submitted at least annually.

The Procurement Department shall monitor ongoing contracts annually to verify the contractor's compliance with the debarment, suspension, ineligibility, and voluntary exclusion provisions. If a vendor is suspended or debarred during a contract, the district shall continue the contract in force until it lapses. The contract term shall not include any extensions to the original term.

Lobbying Certification

The district shall certify in grant applications that no federal grant funds are expended for lobbying.

Budgeting Grant Funds

The Grant Accountant shall budget grant funds in the appropriate fund code as authorized by the Financial Accountability System Resource Guide or the granting agency, as appropriate. In addition, the object expenditure codes noted on the grant application shall be consistent with the budgeted account codes. Costs that require prior approval shall not be budgeted in the finance system until the grant manager and grant accountant verify that the granting and/or pass-through entity has approved the costs on the grant application and budget summary.

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, whichever is earlier.

The period of availability for many formula grants is 27 months. The school system should identify the maximum number of months for each grant and make a local decision on how many months it will use to fund the grant. All grant stakeholders should be informed of the maximum number of months so they may plan grant activities and expenditures appropriately to meet the grant's intent.

Budget amendments, if any, shall be approved by the Grant Manager 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 a guidance document to determine whether and when an amendment is needed. The guidance document, When to Amend, is posted on the TEA website under Amending an Application | Texas Education Agency.

In addition to TEA's guidelines, federal regulations require that the district amend the grant application when grantees 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 experiences a 25% reduction in the time devoted by a grant manager.

Best Practice for Monitoring Grant Expenditures
The Finance and Grant Management staff shall monitor and compare grant expenditures to the budgeted amounts (by object code in the grant application) at least monthly to ensure adequate controls and proper use of grant funds for grant purposes.

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, as 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 Grant Accountant 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 or designee shall approve all federal grant amendments.

The Grant Accountant shall be responsible for ensuring that the finance system budget corresponds to the most recent grant NOGA.

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). **[2 CFR 200.211]**

FFATA Reporting

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

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

Financial Management System

The District's financial management system, Frontline ERS, shall be utilized to record, expend, and track all federal grant revenues and 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. **[2 CFR 200.302(a)]**

The recipient or subrecipient must safeguard all assets and ensure they are used solely for authorized purposes:

- Comparison of expenditures with budget amounts for each Federal award.
- Written procedures to implement the requirements of § 200.305 Federal Payment.
- Written procedures for determining the allowability of costs in accordance with subpart E of this part and the terms and conditions of the Federal award.

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. In addition, the district shall include written procedures to implement the requirements of 2 CFR 200.305 Payments. **[2 CFR 200.302(b)(6)**

Records Retention

The financial management system shall be utilized to store, maintain, and report all required federal grant information. **[2 CFR 200.334]** Consequently, the district shall ensure that access to the data is restricted to authorized individuals in accordance with the district's Data Security and Access policies. In addition, the district shall retain all federal grant records in accordance with the district's Local Records Retention Policy which is currently a **period of five years** from the final report **or seven years** from the date of the specific activity being documented or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. **[Government Code, §441.185]** The district's Record Management Officer (RMO), the Superintendent, shall be responsible to ensure that all records are retained, stored and accessible, as appropriate.

List of Federal Grant Awards

A list of all federal grant awards shall be maintained to include all EDGAR required data (denoted with an *) and district-required information listed below:**[2 CFR 200.302(b)(1)]**

- 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 period (start and end of the grant award)
- Grant award (dollar amount of award)
- Grant manager for each grant
- Subgrants, if any
- TEA-assigned risk level for each grant, as appropriate
- Applicable federal regulations (EDGAR, based on the date of grant award)

On at least a monthly basis, the Grant Accountant, shall review the status of each federal grant fund. The review shall include a comparison of budget to expenditures. **[2 CFR 200.302(b)(5)]**

Internal Controls

Internal controls, defined in **2 CFR 200.1**, is a process, implemented by the district, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

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

The district must establish, document and maintain effective internal control over the federal award that provides reasonable assurance that the district is managing the federal award in compliance with federal statutes, regulations and terms and conditions of the federal award. The district shall take reasonable cybersecurity and other measures to safeguard information including protected personally identified information (PII) and other types of information. **[2 CFR 200.303]**

Finance, grants management and technology staff shall collaborate to establish and maintain appropriate cybersecurity measures to safeguard information. The district's cybersecurity measures shall include, but are not limited to:

- Identification of authorized users of digital data
- Password security for authorized users
- Screen timeouts to mitigate unauthorized access to digital devices and data
- Data Encryption
- Regular Software Updates and Patching
- Data Back Up and Recovery

The district's internal control over financial management is in accordance with the Internal Control Integrated Framework (COSO) and TEA's Internal Controls Guidance Handbook, which shall be made available to all staff involved in the management of federal grant funds.

TEA's Internal Controls Guidance Handbook provides a general overview of internal controls as they relate to the federal grants TEA awards. According to the Handbook, the district must have an effective system of internal controls in place to prevent, detect and reduce the risks of fraud, waste and abuse of federal grant awards.

Internal controls shall be reviewed and updated as appropriate. If any weakness in an internal control is detected, the procedures shall be revised to incorporate the weakness(es) dependent upon the severity (materiality) of the weakness.

The Chief Financial Officer shall be responsible for the annual review and update of the internal controls.

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 specified in 31 CFR Part 223, Surety Companies Doing Business with the United States.

The Executive Director of Facilities, Planning, and Construction Operations shall be responsible for obtaining insurance and/or bonding, as appropriate.

Payments from the Granting Agency and to Vendors

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.

Advanced Cash Method

The district has determined that it will not accept advanced payments for federal grant funds. **[2 CFR 200.305(9)]**

Reimbursement Method

The district shall seek reimbursement for federal grant expenditures, rather than using an advanced payment method. Consequently, the district shall prepare and submit a "draw-down" of federal grant funds only after the payments have been made and distributed to the vendor via mail, e-payables or other delivery method. The draw-down of expended funds shall be net of all rebates, refunds, contract settlements, audit recoveries and interest earned, as appropriate. The Grant Accountant shall be responsible for preparing the draw-down of federal grant funds.

To ensure that the district does not draw down any advanced funds, the draw-down shall occur after all payroll-related liabilities, such as federal taxes and Texas Teacher Retirement System deposits, have been disbursed from the district's bank accounts. The draw-down of payroll expenditures shall be net of all accrued wages and payroll liabilities (object code 2xxx).

All expenditures must meet the Obligation Rules (Title 34, 76.707). Obligations that are liquidated and recognized as expenditures must meet the allowable cost principles in 2 CFR 200, Subpart E of EDGAR (as applicable) and program rules, regulations, and guidelines contained elsewhere.

TEA requires that school systems make quarterly drawdowns to ensure that funds are being used and that grant activities are being carried out throughout the grant period. The Grant Accountant shall strive to draw-down federal grant funds on a monthly basis.

Cost Sharing or Matching Funds

The Grant Manager 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 Grant Manager and the Chief Financial Officer must ensure allowability and 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. All staff paid with cost sharing and matching funds, shall be subject to the federal 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).**

Program Income

The district does not plan to generate any program income as part of a federal grant award. Federal regulations **(CFR 200.307)** allow the district to generate program income to offset federal grant award costs. Income earned, if any, must be expended in accordance with the grant requirements.

Program income earned during the period of performance may only be used for costs incurred during the period of performance or allowable closeout costs. Program income must be expended prior to requesting additional federal funds. **[CFR 200.307]**

In the event that the district opts to generate program income as part of a federal grant award in the future, all recommendations for program income activities, shall be reviewed and approved by the Grant Manager and the Chief Financial Officer.

If program income activities are approved, the Grant Manager over the activities shall ensure that the costs of generating the program income are not federal grant funds, are nominal in cost, are offset from the program income, and meet all of the federal requirements. The TEA Division of Grant Administration

Request to Add Program Income to Federal or State Grant Award and Expansion Delivery of Programmatic Services Form shall be used to request authorization to use any program income to support a state or federal grant.

The district shall not retain any program income earned through a federal grant program.

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 Procurement, 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.

The district's procurement deadlines have been established to facilitate the purchase of all goods and services within the fiscal year and/or grant period. The purchasing deadline for non-federally funded purchases is on or about May 1st of each fiscal year. The purchasing deadline for federally funded purchases will follow this same deadline, unless the deadline is adjusted to fall within the grant's period of performance. At a minimum, the purchasing deadlines for federally-funded purchases shall end approximately two (2) months prior to the end of the grant period to ensure **receipt** and **use** of the goods or services for the intended grant activities.

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. **[2 CFR 200.309]**

Guidance regarding the obligation of federal grants funds [Title 34 76.707] can be found in TEA's General and Fiscal Guidelines.

Procurement Standards and Expenditure of Grant Funds

Procurement with and expenditure of grant funds shall be through the documented procurement processes in place for non-grant funds and shall have additional requirements as noted below to ensure full compliance with federal regulations, specifically the Procurement Standards in ***EDGAR 2 CFR Part 200.318-200.327.***

The district shall comply with the general procurement requirement of the EDGAR (2 CFR 200) effective July 1, 2018 and amended in November 2020 and in October 2024. The district shall also comply with the rules governing federal procurement of goods and services (the Federal Acquisition Regulations in **48 CFR Part 2, Subpart 2.1**) which were revised effective October 1, 2025 to reflect the cost of inflation.

The district shall utilize a purchase order and encumbrance system to manage the expenditure of all federal grant funds unless other methods such as credit cards, petty cash, direct payments, etc. are authorized in the district's operating procedures. All purchases shall be in accordance with the district's School Board Policies (CH Legal and Local) and the district's Procurement Procedures link. The district

purchasing procedures shall comply with all federal, state, and local procurement requirements. If a conflict arises between the federal, state and local requirements, the stricter requirement shall prevail.

The district shall adhere to state law and federal guidelines related to competitive procurement of grant purchases. Specifically, the district shall comply with the Texas Education Code, Chapter 44 regarding the authorized competitive procurement options available to school districts. In addition, any competitive procurement requirements specific to a federal grant must also be adhered to for all grant purchases. For example, a federal grant may require that all purchases and/or contracts that exceed $100,000 be approved by the granting agency before approval of a purchase order or contract.

Additional compliance with federal guidelines may include specific approval for purchases from sole source vendors, non-appropriate cancellation language in multi-year contracted purchases, vendor selection criteria, and other guidelines specific to a federal grant.

The district shall utilize the Financial Accountability System Resource Guide (FASRG) Account Code Structure to record all payroll and non-payroll expenditures. Additional guidance regarding the FASRG Account Code Structure is available on the TEA Website (www.tea.texas.gov) and the district's Chart of Accounts Reference Guide.

The Grant Manager for each federal grant shall be responsible for the programmatic and evaluation compliance, and the Chief Financial Officer shall be responsible for the financial compliance. The use of "Grant Manager" throughout this document shall refer to the individual charged with compliance and application of program specific activities.

Federal Regulations - Education Department General Administrative Regulations (EDGAR)

The district shall adhere to the Education Department General Administrative Regulations (EDGAR) and any additional grant-specific cost principles. The 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards include numerous requirements of the grantee.

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.

Information related to EDGAR can be found on the USDE website.

State-Administered Federal Grant Guidelines and Requirements

The district shall adhere to General and Fiscal Guidelines established by the Texas Education Agency.

The district shall also adhere to grant-specific cost requirements established by the Texas Education Agency. The grant-specific guidelines for all current district grants are hyperlinked under the Grant Opportunities webpage at: Grant Opportunities | Texas Education Agency

Local Guidelines Related to Unallowable Costs

The district has developed local guidelines related to unallowable costs with federal grant funds. The unallowable costs are noted below.

Unallowable Costs (includes, but is not limited to):

- Snacks that do not meet the Smart Snack federal and/or state guidelines
- Meals (during a Working Lunch or Professional Development) that exceed $20 per person

- Educational field trips to an amusement park for recreational purposes only
- Clothing unless otherwise specified by the granting agency

Procurement Tracking and Documentation

The Director of Procurement 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 for all federal-funded purchases ***(2 CFR 200.318(i)):***

- *Rationale for the method of procurement
- *Selection of contract type
- *Contractor selection or rejection
- *Basis for the contract price
- List of all procurements by type
- Like-item category (commodity code)
- 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
- Contract Amount

*EDGAR-specific provisions [2 CFR 200.318(i)].

The procurement history 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, and upon request.

Purchasing Efficiency Strategies

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 ***(2 CFR 200.318(e))***
- Utilize federal or state excess/surplus property supplies or equipment in lieu of purchasing new supplies or equipment, as appropriate ***(2 CFR 200.318(f))***
- Utilizing value-engineering in construction projects to seek cost reductions ***(2 CFR 200.318(g))***
- Develop vendor selection criteria to select the best vendor ***(2 CFR 200.318(h))***
- Develop a tracking system of all informal and formal procurements ***(2 CFR 200.318(i))***
- Avoid “time and materials” contracts if other alternatives exist ***(2 CFR 200.318(j)(1))***

- Monitor vendor performance to ensure that the vendor provides the services and/or goods, as appropriate ***(2 CFR 200.318(k))***
- 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 has determined that its procurement systems comply with the Procurement Standards ***(2 CFR 200.325)*****.** The Director of Procurement shall oversee the completion of the self-compliance evaluation. The results of the evaluation shall be distributed to all grant management staff. If deficiencies are noted, the Director of Procurement shall develop a Corrective Action Plan to remedy the deficiencies, as appropriate. Evaluations shall be conducted on an annual basis in accordance with **2 CFR 200.325.**

Conflict of Interest

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

Board members, Superintendent, Cabinet staff members, Human Resources/Benefits Coordinator, Payroll Coordinator, Operational Directors, and Grant Manager(s) 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. Substantial expenditures shall be defined as a purchase in excess of $2,500.

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.

Vendor Competition

The procurement 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 ***(2 CFR 200.319)*****.**

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
- Other criteria as reflected on the standard purchasing terms and conditions.

Never Contract with the Enemy

The district (recipient) is subject to the guidance implementing Never Contract with the Enemy in 2 CFR part 183. The guidance in 2 CFR part 183 affects covered contracts, grants, and cooperative agreements that are expected to exceed $50,000 during the period of performance, are performed outside the

United States and its territories, and are in support of a contingency operation in which members of the Armed Forces are actively engaged in hostilities. **[2 CFR 200.215]**

The Director of Procurement shall verify that all contracts exceeding $50,000 comply with the above guidance.

The district shall not restrict vendor competition by requiring any of the following as selection criteria: **[2 CFR 200.319]**

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

Vendor Database

A vendor database shall be maintained by the procurement department in Frontline ERS. The district's standard purchasing terms and conditions shall be adhered to for all purchases. Vendor selection shall include the following criteria:

- Has not been debarred or suspended by the State of Texas or the federal government
- Is licensed or registered with the State of Texas to perform the contracted services, as appropriate
- Has obtained the minimum insurance limits and/or bonding established by the district, as appropriate
- Has disclosed any felony convictions and/or criminal history, as appropriate

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

- Vendor application file (new vendors)
- Form W-9 – Internal Revenue Service
- Conflict of Interest Questionnaire (CIQ) – Texas Ethics Commission
- Felony Conviction Notice
- Fingerprinting (If working directly with students)
- 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

Vendors shall be assigned a primary vendor category code to track aggregate purchases by "like items in nature".

Vendor Management

A vendor database shall be maintained by the Procurement Department with oversight by the Director of Procurement. The district's New Supplier Request form shall be used to add and maintain approved vendors.

Although the district maintains a pre-qualified vendor database, to ensure open competition, vendors shall be allowed to enter competition at any time during the school year.
A Vendor Complaint Form shall be completed to report complaints against vendors or to indicate appreciation for positive vendor performance. Vendor Performance Reports shall be submitted to the Director of Procurement for review and possible action. Complaint and appreciation reports become a

permanent record of the vendor and must be accurate to guarantee an equitable resolution and to serve as a reliable guide for future action, positive or negative, regarding a vendor's performance.

Bid and Proposal Specifications

The district shall develop written bid/proposal specifications that are provided to every qualified vendor to ensure consistency in the procurement process. A vendor that is allowed to assist with the development of specifications shall be ineligible to submit a proposal for the specific procurement as this may provide a barrier to open competition among the qualified vendors. **[2 CFR 200.319(b)]** The bid/proposal documents must include guidance to vendors regarding the following:

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

The district's specifications shall incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a "brand name or equivalent" description may be used as a means to define the performance or other salient requirements of procurement. **[2 CFR 200.319(b)(6)].**

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

Procurement Methods

The district shall use one of the procurement methods allowed by federal regulations to procure goods and services with federal grant funds ***[2 CFR 200.320]*****:** Informal, Formal, or Noncompetitive**.** 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 Director of Procurement shall be responsible for selecting the appropriate procurement method for each procurement.

The district shall adhere to the *most restrictive* federal regulations, state laws, local policies and/or procedures when the guidance documents are in conflict. **[CFR 200.403(c)]**

Procurement Levels and Requirements

The district has developed and implemented a Purchasing Levels and Requirements Chart for non-federal and federally-funded purchases. The chart includes the following data:

- Purchase Commitment Amount
- Support [Documentation] Required
- Additional Forms Required, if any
- RFP/RFQ Requirement

- Board Approval Requirement
- Advertising Requirement

Effective October 1, 2025, the rules that govern federal procurement of goods and services (the Federal Acquisition Regulations in 48 CFR Part 2, Subpart 2.1) were revised to reflect the cost of inflation. These revised rules include changes to definitions, including procurement-related thresholds that apply to school systems with federal grants if local action is taken, especially in conjunction with the passage of Senate Bill (SB) 1173, 89th Regular Session, 2025, which allows for procurements up to $100,000 without requiring some form of competition as outlined in the Financial Accountability System Resource Guide (FASRG). TEA provided guidance related to the implementation of the federal procurement thresholds, TAA dated November 6, 2025, Federal Grant Threshold Changes Update.

The current Federal Acquisition Regulations thresholds applicable to informal and formal federal grant procurements are:

- Micropurchase -$15,000*
- Simplified Acquisition - $350,000

The current state procurement threshold (TEC 44.031) requiring competitive procurement is $100,000.

TEA's Most Restrictive Procurement Rules and Regulations Chart is displayed below. The district shall review its procurement policies and procedures to determine if the local policies and procedures are more restrictive than the state and/or federal rules. If the local policies and procedures are more restrictive, the district shall adhere to the **most restrictive rules** when procuring goods and services with federal grant funds.

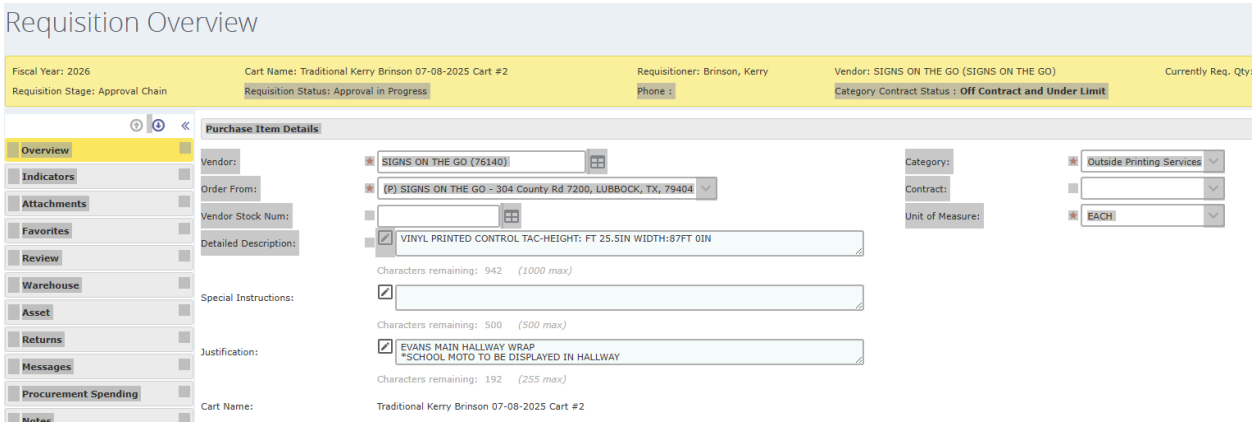
Attachment: Most Restrictive Procurement Rules and Regulations

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

Source: [Federal Grant Threshold Changes | Texas Education Agency]

The Director of Procurement shall review expenditures from all district funds (local, state and federal) by "like-item" on at least quarterly basis to monitor that the district does not exceed any "like-item" categories. The district has elected to use a coding system for "like-items" that is similar to the State of Texas Procurement Commodity Codes, plus locally defined codes that may not exist on the Commodity Codes. In addition, vendors in the finance system shall be coded to a primary vendor category, as applicable.

The district shall monitor aggregate expenditures through the finance system, Frontline ERS, as vendor categories shall be indicated on every purchase order as illustrated below. The sample requisition indicates that the supplies for Math have been coded to Like-Item Category #393 – Supplies, Instructional, Math.



The Procurement Department shall review annual expenditures from all district funds (local, state and federal) after the close of the fiscal year to determine if any additional "like-item" categories should be added for the following fiscal year. The budgeted funds by like-item categories may also be helpful in planning for large expenditures in a particular like-item category in a given fiscal year.

Micro-Purchase Procurement Method
Micro-purchases may be awarded without soliciting competitive price or rate quotations if the non-Federal entity considers the price to be reasonable based on research, experience, purchase history or other information and maintains documents to support its conclusion.

The school district is responsible for determining and documenting an appropriate micro-purchase threshold based on internal controls, risk evaluation, and its documented procurement procedures. The micro-purchase threshold used by the school district must be authorized or not prohibited under state or local laws or regulations. School districts may establish a threshold higher than the Federal threshold. **[2 CFR 200.320(a)(1)(ii) and (iii)].**

The Chief Financial Officer shall conduct an evaluation on an **annual basis** of the district's internal controls, TEA-assigned risk level, and documented procurement procedures to determine the appropriate micro-purchase threshold.

Micro-Purchase Procedures – Less than $15,000

The **Procurement by Micro-purchase** may be the most frequently used method due to the frequent purchase of goods or services that are less than $15,000 in the aggregate, as defined in **CFR 200.1** and the granting agency. 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 federal or state law thresholds **[*2 CFR 200.320 (a)*],** or the district's threshold in Board Policy CH Legal or Local.

The finance/purchasing department shall distribute micro-purchases equitably among qualified vendors to the maximum extent possible and shall ensure that the price is reasonable.

The district's Board Policy CH Local has a $100,000 threshold for Board approval of purchases.

The district has opted not to self-certify a higher micropurchase threshold in accordance with Texas law (TEC 44.031)and will ensure that it has adopted the statutory $15,000 threshold. No notification to TEA is required.

Simplified Acquisition Procedures - $15,001 - $349,999

The Simplified Acquisition Procedures (SAP) (previously Small Purchase Procedures) shall be used by the district when the purchase of goods or services does not exceed $350,000, the Simplified Acquisition Threshold (SAT) **(CFR 200.1).** State law is more restrictive than the SAT at $100,000.

When the simplified acquisition procedures are used, the school system must obtain an *adequate number of quotations* from qualified sources. Unless specified by the federal agency, the school system may exercise judgment in determining what number of quotations is adequate.

The procurement department shall require written, emailed, or faxed quotations from at least two (2) vendors for all Simplified Acquisitions, i.e. purchases that do not exceed $100,000 [the state law threshold which requires a competitive procurement]. Quotations shall be attached to the requisition in Frontline.

The district shall strive to obtain Simplified Acquisitions from qualified vendors through a Cooperative Purchasing Program **[*2 CFR 200.318(e)*].** Even though these cooperative purchasing programs have competitively procured vendor contracts, the district shall compare vendor pricing to select the best quality and price.

The Cooperative Purchasing programs shall provide an EDGAR compliance certification annually. If the Cooperative fails to provide the certification, the district shall not purchase goods or services through the Cooperative with federal grant funds.

The district participates in cooperative purchasing programs.

Sealed Bid Procedures – Over $350,000

The Procurement by Sealed Bids (formal advertising) method shall be used by the district when the purchase of goods or services exceed $350,000, in the aggregate in a fiscal year of a commodity item, if the acquisition of the goods or services lends itself to a fixed price contract and the selection of the

successful bidder can be made principally on the basis of price **[*2 CFR 200.320 (b)(1)*].** 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 fewer 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. Local criteria shall include:
    - 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 under a fixed-price contract to the lowest responsive and responsible bidder. The district shall consider discounts, transportation costs, and life cycle costs only if these factors were included in the bid specifications. The district will consider payment discounts because it routinely takes advantage of payment discounts.
- Bids will be evaluated, ranked, and a recommendation for award made to the School Board at a regularly scheduled board meeting.
    - If no bidder is recommended, the district shall reject all bids and evaluate whether to modify the bid specifications to initiate a new bid process
- The district shall notify the successful bidder and process the contract documents and/or purchase orders, as appropriate
- The district shall notify all of the unsuccessful bidders to ensure that qualified bidders are encouraged to submit bids during future bid opportunities

Competitive Proposal Procedures – Over $350,000

The Procurement by Competitive Proposal method shall be used by the district when the acquisition of the goods or services exceeds $350,000 and does not lend itself to a fixed price contract **[*2 CFR 200.320 (b)(2)*].** The district shall comply with the competitive proposal requirements, as defined by the EDGAR, as noted below:

- Requests for Proposals (RFPs) must be publicly advertised
- The RFP shall identify the evaluation factors and their weight in awarding the proposal
- Proposals shall be solicited from an adequate number of bidders, but no less than two (2) qualified vendors
- Proposals shall be evaluated, ranked, and a recommendation for award made to the School Board at a regularly scheduled board meeting **[2 CFR 200.320(b)(2)(ii)]**
    - 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 a committee of at least 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 negotiations, the district shall notify the vendor in writing before beginning negotiations with the 2nd-highest-ranked vendor.
- The district shall notify the successful proposer and process the contract documents and/or purchase orders, as appropriate

- The district shall notify all of the unsuccessful proposers to ensure that qualified bidders are encouraged to submit bids during future bid opportunities

A price or cost analysis is required under the Single Acquisition Threshold. Most, if not all, purchasing cooperatives do not perform this function for member districts. The district shall perform the price or cost analysis in accordance with EDGAR and document the results. The Procurement Department shall be responsible for conducting the price or cost analysis.

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" **[*2 CFR 200.320 (c)]*.**

A sole source vendor is defined as a vendor that meets the following requirements:

- The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold **[*2 CFR 200.320 (c)(1)]***
- The goods or services are only available from a single source **[*2 CFR 200.320 (c)(2)]***
    - 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
    - The TEA Division of Grants Administration Request for Noncompetitive Procurement (Sole Source) Approval shall be completed in the EDGAR Connect WorkApp System to request prior approval of a non-competitive, sole-source proposal and shall be submitted with the sole-source proposal.
- A public exigency or emergency will not permit a delay resulting from the competitive solicitation process **[*2 CFR 200.320 (c)(3)]***
    - The district shall declare a public exigency or emergency prior to making such a purchase of goods or services under this method
- The granting agency or pass-through entity authorized the use of a non-competitive proposal method **[*2 CFR 200.320 (c)(4)]***
    - The district has received written authorization from the Texas Education Agency approving the Education Service Center as a non-competitive proposal.
- After solicitation of a number of sources, competition is determined to be inadequate **[*2 CFR 200.320 (c)(5)]***
    - The district shall determine that competition is inadequate if, after two (2) solicitations of bids and/or proposals, only one vendor is responsive to the solicitations

Other Procurement Guidelines

Vendor Preferences

In accordance with state purchasing laws, the district shall comply with the Texas Education Code (TEC Chapter 44) if the procurement guidelines are stricter under state law than federal regulations. Regardless of the procurement method, the district shall encourage small, minority, women's business enterprises, veteran-owned businesses, and labor-surplus-area firms to compete with other qualified vendors by implementing strategies to promote their participation [2 CFR 200.321].

As appropriate, and in accordance with **2 CFR 200.322,** the district should, to the greatest extent practicable under a Federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all subawards, including all contracts and purchase orders for work or products under this award.

The Director of Procurement shall ensure that vendor preferences are included in all specifications, purchase orders, and contracts, as appropriate.

Vendor Restrictions – Prohibition on Certain Telecommunications and Video Surveillance Equipment
In accordance with 2 CFR §200.216, which places prohibitions regarding certain telecommunications and video surveillance equipment or services, the Director of Procurement and the Chief Technology Officer shall review and approve all telecommunication contracts for goods and services with federal grant funds, to include the following:

- Recipients and subrecipients are prohibited from obligating or expending loan or grant funds to:
    - Procure or obtain covered telecommunications equipment or services;
    - Extend or renew a contract to procure or obtain covered telecommunications equipment or services; or
    - Enter into a contract (or extend or renew a contract) to procure or obtain covered telecommunications equipment or services.

For the purposes of this section, "covered telecommunications equipment or services" also includes systems that use covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system.

The district shall comply with the federal regulations related to the procurement of recovered materials **[2 CFR 200.323]** and the Solid Waste Disposal Act.

For all purchases that exceed the threshold of $350,000, the district shall perform a cost or price analysis with every procurement before receiving bids or proposals. The district is not required to negotiate profit as a separate element of the price for each contract in which there is no price competition, nor in cases where cost analysis is performed. [2 CFR 200.324]. Secondly, all purchases that exceed this threshold shall comply with federal bonding requirements, such as ***[2 CFR 200.326]*****:**

- A 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 Procurement Department shall be responsible for ensuring that all purchases above this threshold are guaranteed with the appropriate bid guarantee, performance bond, and payment bond.

All contracts shall contain the applicable provisions described in 2 CFR 200 Appendix II ***[2 CFR 200.327].*** In addition, all contracts for services and/or goods purchased with federal grant funds shall be subject to the same review and approval process as all other district contracts. The Contract Procedures are applicable to all federally funded 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.

Property Standards and Management

The district shall safeguard all property (capital assets and inventory) purchased with federal grant funds under the same guidelines as property purchased with non-federal funds ***[2 CFR 200.310]*****.** Additional insurance for property purchased with federal grant funds shall be acquired if specifically required by a

federal grant award. The Director of Facilities shall oversee the acquisition of insurance for all federally funded property.

Title to federally-owned property remains vested in the Federal Government. The district must submit annually an inventory listing of federally owned property in its custody to the Federal awarding agency. Upon completion of the Federal award or when the property is no longer needed, the district must report the property to the Federal awarding agency for further Federal agency utilization **[*2 CFR 200.312]*.**

Federally-funded Capital Assets

The district may use federal grant funds to purchase capital assets (tangible and intangible) and supplies, provided approval is obtained from the granting agency. Prior to the purchase of assets, capital in nature, a copy of the grant application or authorization letter with the granting (or pass-thru) entity's approval shall be attached to the requisition to ensure that the asset purchase with federal grant funds has been pre-approved. The district shall not use the federally funded capital assets to generate program income.

The district shall not use federal grant funds to purchase real or intangible property.

Disposition of Assets

The federally funded capital assets 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 capital assets to generate program income. The purchase of capital assets shall be recorded in object code 66XX in accordance with the FASRG and any local-use account codes.

Equipment with a current fair market value of $10,000 (or less based on the district's capitalization policy) or less per unit may be retained, sold, or otherwise disposed of with no further responsibility to the federal agency or pass-through entity. The district shall use the following method(s) to determine an asset's FMV at the end of its life and/or time of disposition:

- Google search for item(s) – model number, brand, current condition, etc.
- Search eBay or other resale websites
- Obtain FMV from auction sites or surplus stores

If the equipment is sold, the federal agency or pass-through entity may permit the recipient to retain from the federal share $1,000 or the proceeds to cover expenses associated with the sale and handling of the equipment. [2 CFR 200.313]

The district may retain equipment with no further obligation to the federal agency unless prohibited by federal statute or regulation, authorized by the federal agency or the pass-through entity, or included in the terms and conditions of the federal award. [2 CFR 200.313]

Federally-funded Supplies

The federally funded supplies shall be used only for authorized purposes. Supplies shall include all non-assets, such as consumable supplies and non-consumable inventory (equipment with a unit cost less than $10,000). Any residual (unused, new, and/or unopened) supplies, in excess of $10,000 in total aggregate value, at the end of the grant program or project, may be used for any other federal grant program. Unused supplies shall mean supplies that are in new condition, not having been used before or

opened before. The aggregate value of unused supplies consists of all supply types, not just like-item supplies. [2 CFR 200.314]

If less than $10,000 in the aggregate, the supplies shall be retained by the district or sold, but the district must reimburse the granting agency for the district's use or sale of the supplies. The district shall implement purchasing deadlines for federally funded supplies to ensure that residual supplies are not available at the end of the grant or project period. The purchase of supplies shall be recorded in object 639X, in accordance with the FASRG and any local-use account codes.

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 $10,000.
The district has adopted the EDGAR **(CFR 200.1)** definitions of property as noted below:

- *Capital assets* are tangible or intangible assets used in operations with a useful life of more than one year that are capitalized in accordance with GAAP. **(CFR 200.1).**
- *Equipment* means tangible personal property (including information technology systems) with a useful life of more than one year and a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or $10,000. **(CFR 200.1)**
- *Computing devices* mean machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals") for printing, transmitting, receiving, or storing electronic information. **(CFR 200.1)**
- *General-purpose equipment* means equipment that 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 200.1)**
- *Special-purpose equipment* means equipment that 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 that described in **§200.1** 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 less than $10,000 based on the district's capitalization policy, regardless of the length of its useful life. **(CFR 200.1)**

Acquisition Cost

The district has also adopted the EDGAR definition of Acquisition cost as noted below:

- *Acquisition cost* means the cost of the asset, including the cost to ready the asset for its intended use. Acquisition cost for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Acquisition costs for software include those development costs capitalized in accordance with generally accepted accounting principles (GAAP). Ancillary charges, such as taxes, duties, 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 200.1]**

The district shall use the invoice cost, including all related costs, to record the equipment cost in the fixed asset database.

The purchase of capital assets shall be recorded in object code 66XX in accordance with the FASRG and any local-use account codes.

The district has also defined "inventory items" as items with a unit cost between $1,000 and $9,999. These items shall have a tag affixed 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 conduct an annual inventory of them to the extent possible. Purchases of inventory (taggable) shall be made from object code 6399 accounts.

Consumable supplies shall include technology-related "walkable" or "personal use" items with a unit cost less than $1,000 as follows (these items shall be tracked by the Technology Department):

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

Consumable supplies, including the walkable and personal items with a unit cost less than $1,000, shall be made from object code 6399 accounts. The consumable supplies shall be tracked by the campus or department making the purchase.

Identifying and Tracking Federally-Funded Assets

Titles to federally funded equipment and supply purchases shall be retained by the district, unless otherwise notified by the granting agency. **[2 CFR 200.313(a)]** 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:

- District-issued tag (or identification number)
- Date of acquisition
- Description of asset
- Serial number, or other identifying number
- Funding source, i.e., fund code
- Federal use of assets (percentage)
- Cost of asset (acquisition cost)
- Use and condition of the asset (New, Used, etc.)
- Location of asset (building and room number)
- Owner of the asset title, typically the district
- Disposition data, including the date of disposal and the sale price of the property

Maintaining Capital Asset Inventory & Records

All federally funded capital assets shall be maintained in an operable state. If repairs are necessary, the district may pay for repairs to federally funded assets with federal grant funds, unless expressly restricted by the granting agency. All federally funded capital assets shall have a tag affixed to distinguish them from non-federally funded assets.

The district's fixed asset procedures require an annual inventory (or more frequently, if required by a granting agency) of all capital assets and the reconciliation of the asset reports.

The district's annual inventory of capital assets shall be conducted by the Procurement Department. 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 capital asset records.

In addition, the district shall track all grant-funded capital asset purchases by grant or fund code, as appropriate. The disposal of grant-funded assets shall be in accordance with federal guidelines and, if applicable, grant-specific guidelines. At a minimum, the disposition date, reason, and sale price of all federally-funded assets shall be recorded in the fixed assets database. **[2 CFR 200.313(d)]**

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. **[2 CFR 200.310]**

The Director of Finance and Budget shall be responsible for maintaining the fixed asset database (Frontline ERS Asset Management System) for all district assets, including all federally funded assets, and shall notify the granting agency and/or pass-through entity of any loss, damage, or theft of equipment that will impact the program. [200.313]

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 General Provisions for Selected Items of Cost (Cost Principles) are available on the Department of Education EDGAR webpage.

The district shall adhere to the Cost Principles for federal grants [EDGAR SUBPART E] and any additional grant-specific cost principles. General criteria affecting the allowability of costs include, but may not be limited to, the following: **[2 CFR 200.403] and [2 CFR 200.320(b)(7)]**

- Costs must be reasonable and necessary **[2 CFR 200.404]**
    - A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.
    - Necessary is defined as the costs needed to carry out the grant activities
- Be allocable to Federal awards **[2 CFR 200.405]**
- 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. **[2 CFR 200.406]**
- Be adequately documented.

The district shall use the Workflow Approval Path process in Frontline to verify that all proposed obligations and expenditures comply with the Cost Principles. If an approver determines that the proposed obligation and/or expenditure is not allowable and/or allocable to a federal grant award, the district shall not make the obligation/purchase with the federal grant funds. Other funds, such as local funds, may be used to make the obligation/expenditure, as appropriate.

Cost Allocation Plan and Indirect Cost Rate

A cost allocation plan or an indirect (F&A) cost rate, whether submitted to a Federal cognizant agency for indirect costs or maintained on file by the district, must be certified by the district using the Certificate of Indirect Costs. The certificate must be signed on behalf of the district by the Chief Financial Officer.

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 comply with the general provisions for selected cost items **(2 CFR 200.420).** Specific items not listed within these procedures shall be evaluated by the Grant Manager and Grant Accountant on a 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 most restrictive allowability rules when a conflict arises between the general allowability rules, the program-specific allowability rules, and the district's allowability rules.

The same expense allocation formula shall be used for non-federal and federally funded expenditures. Purchases shall be expensed to the appropriate fiscal year and/or grant period. For example, if the district purchases a subscription or maintenance agreement that covers a twelve-month period from January 1st through December 31st, only the current-year expenditure and/or current grant-period expenditure shall be posted to the general ledger, as appropriate. In this scenario, the following expenses would be posted to the general ledger.

Current fiscal year	January to June	6 months	Object code 6XXX
	July to December	6 months	Object code (1410)

The district has elected to use federal grant funds for both compensation/benefits and non-compensation expenditures.

Total Costs

The total cost of a federal award is the sum of allowable direct and allocable indirect costs less any applicable credits. **[2 CFR 200.402]** 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 post all credits [discounts, rebates, refunds, etc.] 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 Grant Accountant shall ensure that all applicable known 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.

Compensation & Benefit Costs

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

All payroll expenditures shall be in accordance with federal cost principles and Department of Labor regulations, such as the Fair Labor Standards Act (FLSA). 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.

Compensation Plan

The School Board approved District Compensation Plan 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 to all district staff, whether funded by 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 workday, compensation for those 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 those for non-federal grant-funded staff and are allowable under the specific grant.

Allowable Compensation Costs

Compensation costs shall be allowable if:

- The costs are reasonable for the services rendered and conform to the established district compensation and benefit plans for expenditures with all other funds, i.e., local funds **[2 CFR 200.430(a)(1)],**
- The employees have been employed in accordance with the district's established Hiring Procedures **[2 CFR 200.430(a)(2)],** and
- The costs are supported by the appropriate timekeeping, absence tracking, time & effort certifications, or other documentation **[2 CFR 200.430(a)(3)],** 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 **[2 CFR 200.430(c)],**
- Incentive compensation, such as stipends, awards, early resignation incentives, attendance incentives, etc., is in accordance with the district's written plans for each of these incentives **[2 CFR 200.430(f)].**

Substitute Teachers

Salary expenditures for substitute teachers are allowable for approved teacher positions. The grant manager, finance department, and payroll department shall ensure that substitute teacher costs are budgeted and expensed under the appropriate account code(s). The School Board approved Substitute Pay Scale shall be used to compensate all substitute teachers, whether paid from local, state, or federal grant funds.

Stipends and Extra Duty Pay

Stipend and extra duty pay expenditures are allowable for authorized and approved activities. A schedule or work log shall be maintained to substantiate the stipend and/or extra duty pay.

A Stipend Schedule shall be used to compensate all district staff (exempt and non-exempt), whether paid from local, state, or federal grant funds.

The Grant Manager and Grant Accountant shall ensure that the expenditures for extra duty pay are allowable and are budgeted and expensed from the appropriate account code(s). The extra duty pay rates shall be the same as those used for similar locally funded activities, as approved by the Extra Duty Committee.

Allowable Benefit Costs

District costs for fringe benefits, whether paid from local, state, or federal grant funds, shall be allowable as noted below **[2 CFR 200.431]:**

- All benefit costs shall be in accordance with the district's written Plan Year Benefits (as posted on the district website), except for any benefits that may be specifically excluded in a federal grant award
- All leave benefits shall be in accordance with the district's written Leaves and Absences Policy (DEC Legal and Local) **[2 CFR 200.431(b)]**
- 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 (and subjected to taxes, as required by federal statute)

Non-Allowable Benefit Costs

The district shall not charge any benefit costs to a federally-funded grant if the benefit costs are not in accordance with the district's written Plan Year Benefits, School Board Policy, **2 CFR 200.431**, or other written benefit plan(s). The district has established the following as non-allowable benefit costs:

- Severance or settlement agreement payouts to current and/or previous federally-funded grant staff
- Optional pension plans (other than the mandatory Teacher Retirement System of Texas contributions).
- Automobile costs or allowance for an employee's personal use of a vehicle (regardless of whether the benefit is taxable to the employee) 2 CFR 200.431(f)

Documentation of Compensation and Benefit Costs

In addition to the time and effort reporting requirements, all compensation and benefit costs paid with federal grant funds shall be supported by the following documentation [**2 CFR 200.430(i)]:**

- Exempt staff
    - Employment agreement, contract, or reasonable assurance, as appropriate
    - Annual job description signed and dated by the employee and or supervisor
    - Supplemental duties, if any, shall be supported by an Extra Duty Pay Agreement
    - 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
    - Annual job description signed and dated by the employee and or supervisor
    - Supplemental duties, if any, shall be supported by an Extra Duty Pay Agreement
    - 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.

Timekeeping Records

All payroll expenditures using federal grant funds shall comply with EDGAR regulations, including the period of performance (200.77) and compensation (200.430).

The Payroll department shall ensure that all timekeeping records are submitted in a timely manner before payroll disbursements are made to federally funded staff. The timekeeping records for exempt staff may include supplemental pay sheets for additional assignments such as summer school, tutoring, professional development, etc., in accordance with the Extra Duty Procedures.

The timekeeping records for non-exempt staff shall comply with the FLSA **[2 CFR 200.430(i)(3)]**. Specifically, all non-exempt work hours must be submitted in accordance with the Time Sheet & Time Clock Procedures and recorded through the district's timekeeping system.

The Grant Manager, PEIMS Coordinator, HR Administrator, and Payroll Department shall work collaboratively to ensure that the Role ID and salary object codes reflected on the grant application (Payroll Summary) are consistent with the HR, payroll, finance, and PEIMS records.

Approval of Payroll Expenditures

The approval of payroll expenditures from grant funds shall be a collaborative process among the campus or department, Human Resources, Grant Manager, Finance, and Payroll departments. Each campus and/or department plays an essential role in ensuring that all federal grant requirements are met. All related payroll expenditures must be approved by the Grant Manager before the Payroll Department processes them.

Selection of Grant-Funded Staff

The Grant Manager shall work collaboratively with the appropriate stakeholders (principals, executive principals, and/or department heads) to identify all staff required to carry out the grant activities. The Grant Manager shall work collaboratively with the Human Resources department to obtain estimated salaries for proposed grant-funded staff prior to completing the grant application.

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 in the grant application and that adequate funds are available to fill the position.

The HR department shall be notified to ensure that the position is budgeted in the general ledger and 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 in Frontline ERS.

The Grant Manager shall review the request to ensure that the position remains authorized and necessary, and that adequate funds are available in the appropriate account code(s). After approval from the Grant Manager and the Finance department, the Human Resources department may advertise the position.

The screening and selection process shall include a review of the recommended applicant to ensure that he/she meets any federal grant staff requirements, such as the Highly Effective requirements under the Every Student Succeeds Act (ESSA), as appropriate, or any other grant-specific credentials. The district shall utilize the Frontline ERS Applicant System to advertise all new positions and collect employment applications and supporting documentation. All applicants must submit the required HR documents.

Upon employment, the new hire shall receive and sign a copy of his or her job description, including the grant funding source.

Transfer of Personnel

When staff in a position funded with grant funds is recommended for transfer to another campus, department, or assignment, the grants management, 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 transfer request, especially if it involves a change in teaching assignment to another campus. The grants management, human resources, and finance departments must evaluate the requested transfer to ensure that the staff allocations, Highly Effective staff requirements, and funding source changes comply with grant requirements and activities.

Job Descriptions

The Grant Manager, in collaboration HR, shall develop and distribute a job description to all district staff who are wholly or partially funded by grant funds. The job description shall include the funding source(s) and the job duties as they relate to the grant position. The grant-funded staff member and/or supervisor with first-hand knowledge shall sign the job description annually, or at a minimum when the funding source, job title, or other changes occur in the employment or assignment of the staff member.

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

Roster of Grant Funded Staff

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

The home campus or department shall work collaboratively with the Grant Manager(s) to ensure that the roster accurately reflects the data maintained in their respective area of responsibility.

The review shall occur at least twice per year to ensure that the roster of grant-funded staff is accurate and up-to-date throughout the year.

Time and Effort Documentation

Staff funded wholly or partially with federal grant funds shall comply with federal guidelines related to time and effort. Grant-funded staff, their immediate supervisors, and the grant manager shall be aware of the federal guidelines for time and effort documentation. All impacted staff shall be trained annually by the Grant Manager.

The district shall collect and monitor time and effort documentation only for district employees. 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.

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

Staff funded 100% by a single 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/or immediate supervisor must sign the Semi-Annual Certification Form.

The timeline for semi-annual certifications shall cover a 6-month period as follows:

- 1st Certification – due 10 days after the **end** of the 6-month period (July 1st – December 30th)
- 2nd Certification – due 10 days after the **end** of the 6-month period (January 1st – June 30th)

The Grant Manager shall collect and review all Semi-Annual Certification Forms. Any certifications that reflect a percentage other than 100% shall be reviewed by the grants department for adjustment of the grant payroll expenditures for the certification period.

The grant manager shall prepare a journal ledger entry to correct the account distribution code(s) as appropriate. The grant accountant 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:

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

These employees are required to maintain a Periodic Activity Report(PAR) to account for their time under a substitute system. The district will apply annually to the Texas Education Agency to use the Substitute Time and Effort System; therefore, employees must prepare a Time and Effort Worksheet 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 the preparation and submission of the interim expenditure report required for TEA discretionary grants.

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

Monthly payroll – Time & Effort reports are due by the 10th for the prior month.

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

The Grant Manager review shall consist of the following workflow:

- A review of the time and effort reports to compare the summary percentage of grant-related work per funding source to the budgeted percentage utilized to charge the monthly (or semi-monthly) payroll charges
- A test sampling of staff assignments, i.e., master schedule, duty schedule, etc., to verify the percentage of grant-related work per funding source
- If the time and effort report reflects the same percentage, the report may be filed for audit purposes
- 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 forwarded to the finance department for adjustment of the payroll charges on the general ledger.

The Grant Manager shall prepare a journal entry to reclassify the expenditures as noted on the reconciliation of the time and effort report. According to federal regulations, the final amount charged to each grant award must be accurate, allowable, and properly allocated.

The finance department shall post all variances greater than 10% to the general ledger quarterly; otherwise, the variances shall be posted 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.

The district will apply for and use the Time and Effort Substitute System as needed.

Non-Payroll Costs

Non-payroll costs are defined as expenditures other than salaries and benefits. Direct non-payroll expenditures include contracted services, supplies, travel, and equipment. The expenditure of federal grant funds for non-payroll costs shall adhere to the district's procurement policies and procedures. In addition to the normal procurement process, all grant funds must be approved by the Grant Manager for each respective grant program, as appropriate.

All purchases with federal grant funds shall be in accordance with the Purchasing Procedures.

Purchase Requisitions

Purchase requisitions must be itemized with detailed descriptions, prices, delivery details, delivery/completion date, detailed vendor information, bid number or quote information (where applicable), along with justification, terms, and conditions critical to the order. Requisitions submitted without adequate detail will be returned to the originator.

Purchase Orders

The primary method for all purchases is to issue a Purchase Order. Once issued by the district and accepted by the vendor, the Purchase Order is a binding written agreement between the District and the Vendor. The types of purchase orders are noted below:

- Traditional PO – One-time purchase of goods and/or services where need is identified, ordered, received, paid, and the PO is closed.
- Not To Exceed Blanket PO:
    - Annual PO – For annual contracts such as annual service contracts, subscriptions, etc. The PO shall include a description of the goods and/or services with specified annual quantity, unit of measure, and price.
    - Monthly PO - As-needed purchase of small-dollar items that are expected to be purchased from a particular vendor throughout the year.

Both types of purchase orders (Single and Open) may be used with federal grant funds, subject to purchase approval in accordance with the PO approval path.

Specific instructions related to specialized purchases are included in the Purchasing Procedures. Specific instructions include, but are not limited to, the following categories of purchases:

- Apple Purchases
- Amazon Purchases
- Costco
- Lowe's
- Office Depot
- Credit cards such as the PCard, Mastercard (travel only)
- Technology purchases

All purchases made on behalf of the district must be initiated with a purchase order.

Approval of Purchase Orders

The district shall utilize the Frontline ERP Purchasing Module to manage the expenditure of all federal grant funds unless other methods, such as credit cards, direct payments, etc., are authorized in the district's operating procedures.

The approval levels noted below are part of the Frontline ERP Purchasing Module approval path:

- Campus principal or department head – Initial approval
- Grant Manager
- Grant Accountant
- Procurement

The district shall adhere to the standard approval process for purchase orders funded by non-grant funds. The Director of Procurement shall ensure that all purchase orders have been competitively

procured as required by law, and that the expenditure (PO) has been approved by the governing body, as appropriate.

Contracts/purchases that are approved by the School Board shall also meet the Form 1295 Certificate of Interested Parties filing instructions. The vendor shall provide a notarized Form 1295 prior to the issuance of a purchase order. After the purchase order and/or contract is approved, the Director of Procurement shall access the Texas Ethics Commission website to acknowledge Form 1295.

In addition, all purchase orders with grant funds shall be reviewed and approved by the appropriate Grant Manager.

The Grant Manager's review of purchase requisitions/purchase orders shall consist of the following:

- The expenditure is *reasonable* and *necessary* (as defined in federal grant guidelines). The expenditure is not required by state law or local policy.
- The expenditure has been approved in the grant application, if specific approval is required from the granting agency
- The expenditure meets the allocable and allowable costs principles.
- The expenditure is allowable and approved in the grant application and is consistent with the grant purpose
- The expenditure is supplemental and does not supplant a local expenditure
- The use of funds meets all EDGAR requirements.

Purchase Order Deadline(s)

In an effort to meet all obligations and liquidation requirements of grant funds, the district has established a purchase order deadline on or about May 1st. This deadline shall be adhered to by all purchase order originators. A campus principal or department head may impose an earlier deadline for their respective campus or department.

A different purchase order deadline may be required for federal grant funds to ensure all purchases occur within the grant (obligation) period.

Receipts of Goods and/or Services

All district staff shall ensure that receipt of all goods and services is properly documented prior to issuing payment to the vendor. No payment shall be made to a vendor for goods and/or services unless the receipt of the goods and/or services has been verified and documented by the district warehouse, department/campus secretary, or the procurement department.

The district receives all goods under a centralized receiving system, Frontline ERP. The warehouse or department/campus secretary shall receive, open, and verify the receipt of all ordered goods. Signed documentation and packing lists, if any, shall be forwarded to the Procurement Department for payment through Accounts Payable.

For acceptance of services, the requester shall verify that the work has been completed in accordance with the agreed-upon terms and conditions and scope of work. Acceptance of partial completion should not be made unless previously agreed upon by the district and vendor in the contract and/or agreement for services.

Receipt of partial orders shall be allowable. Payments for partial shipments shall be made within the 30-day payment period as invoiced.

All shipment errors, such as shortages, overages, damages, etc., shall be reported to the Procurement Department. The Procurement Department shall be responsible for vendor relations and shall address and resolve issues with vendors.

Non-Purchase Order Purchases

The district may utilize non-purchase order methods to obtain goods, such as credit cards, direct payments, etc., as authorized in the district's business procedures. All of the purchases shall be subject to pre-approval by the originator (campus principal or department head), Grant Accountant, and Grant Manager.

Credit Card Purchases with Grant Funds

The district may choose to use purchase cards (credit cards) for federal grant purchases. **2 CFR 200.320(a)(1)(ii).**

The district will not use district-issued credit cards to make tangible (supply) purchases funded by federal grants. These items must go through the procurement process on a requisition/purchase order. An original, detailed receipt shall be required for all credit card purchases with federal funds. If the purchaser does not submit an original, detailed receipt for audit purposes, the expenditure and/or reimbursement may not be charged to a federal fund. At no time shall district credit cards be used to withdraw cash.

Fraudulent credit card purchases made with federal grant funds shall be grounds for disciplinary action, up to and including termination of employment. District officials shall also notify the appropriate legal authorities 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 the date of discovery) restitution to the district. The fraudulent or accidental charges may not be charged to a federal grant fund, nor drawn down as allowable expenditures.

Payment Authorization Form (PA)

If a purchase order is not appropriate for payment, as noted in the Check Request PowerPoint, the requester shall submit a Payment Authorization Form. These procedures shall not be used for products or services that have already been received by the requester. The Payment Authorization Form shall be approved and coded by the appropriate grant manager, approved by the grant accountant, and the accounts payable supervisor.

Check Requests

If a purchase order is not appropriate for payment, as noted in the Check Request PowerPoint, the requester shall submit a Check Request in Frontline ERS. These procedures shall not be used for products or services that have already been received by the requester. The check request shall be approved by the appropriate grant manager, grant accountant, and accounts payable supervisor.

Approval of Disbursements/Expenditures

The Accounts Payable Supervisor shall adhere to the Accounts Payable Guidelines 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. The same procedures shall be used to issue payments to vendors from local, state, and federal grant funds.

Payments for goods and services shall be made within thirty (30) days of receipt of the goods and/or services **and** an invoice in accordance with the Texas Prompt Payment Act.

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

- The invoice amount exceeds the purchase order by 10% or $200
- 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
- Travel expenditures, if not encumbered through the purchase order system
- Non-purchase order payment, such as credit card, direct invoice, reimbursement, etc.
- Reclassification of a prior expenditure from one account code(s) to another

Selected Item of Cost – Contracted Services

Contracted services generally include services provided by a non-district employee. On rare occasions, a district employee may meet the Internal Revenue Service (IRS) rules for an independent contract. Contract originators shall utilize the Independent Contractor or Employee Determination Checklist to determine the worker status prior to submitting a contract for consideration. To ensure compliance with the IRS worker classification regulations, the final worker status classification shall be reviewed and approved by the Contract Specialist (Procurement) before the worker begins services.

All contracted services shall comply with the Professional Services Costs federal regulations [2 **CFR 200.459].** Federal regulations require that professional and consulting services be rendered by individuals who are members of a particular profession or possess a special skill and are not employees of the district.

Contracted Services - Definitions

A *contract* is defined in EDGAR *as* a legal instrument by which the district purchases property or services needed to carry out the project or program under a federal grant award **[2 CFR 200.1].**

Professional services are defined in the Texas Government Code (Chapter 2254) as services within the scope of the practice of accounting, architecture, land surveying, medicine, optometry, professional engineering, real estate appraising, or professional nursing. In addition, it includes professional services in these areas provided by a person licensed or registered in the state.

Other *contracted services* shall be defined as services by a non-employee or entity that do not meet the professional services definition.

The district's Contract Management Procedures shall be adhered to in procuring, evaluating, selecting, awarding, and monitoring contracts.

Contract Review and Approval

All contracts and professional services agreements funded with federal grant funds shall be reviewed and approved in accordance with the district's policies and procedures for all non-grant funds. For example, if School Board Policy requires that all contracts exceeding $100,000 be approved by the Board of Trustees, all federal grant contracts exceeding $100,000 shall also be approved by the Board.

The Director of Procurement shall review and approve all contracts. The review shall consist of the district's Contract Review process and any other requirements specific to the contract and/or federal grants.

Federal Regulations Review

The Grant Manager and Contract Specialist (Procurement) shall review and approve all contracted/consultant services agreements for compliance with federal regulations regarding professional service costs **(2 CFR 200.459).** The contract review shall consist of the following:

- Consultant and/or contractor has not been suspended or debarred
- The contract and/or funds have been approved in the grant application, if specific approval is required from the granting agency
- The contract's nature and scope of service are directly related to the federal grant award activities **[2 CFR 200.459(b)(1)]**
- The past pattern of costs, particularly in the years prior to federal awards **[2 CFR 200.459(b)(3)]**
- The contract does not contain any proposal costs [not allowable under federal regulations]
- Whether the proposed contracted services can be performed more economically by direct employment rather than contracting **[2 CFR 200.459(b)(6)]**
- The capability of the proposed vendor to perform the required services
- The qualifications of the contracting firm or individual and the customary fees charged by the proposed vendor [A Resume, Vita, or Statement of Qualifications shall be required for all contracts with Independent Contractors.] **[2 CFR 200.459(b)(7)]**
- The contract and/or consultant agreement meet the allowable costs principles.
- A contract subject to Davis-Bacon has the appropriate contract language
- The contract and/or consultant agreement fee for services does not exceed any federal grant or local limits

In addition, all contracts must contain applicable provisions described in *Appendix II to Part 200 Contract Provisions for non-Federal Entity Contracts Under Federal Awards* **[2 CFR 200.327].**

All contracts with federal grant funds shall include the 2 CFR Section 200 Required Provisions Addendum for Contracts Funded by US Federal Grants (Rogers, Morris & Grover 2021).

The final approval authority for all contracts shall be the Superintendent or designee, unless the contract exceeds $100,000, in which case the final approval authority shall be the Board of Trustees, through approval at a regularly scheduled or special board meeting.

Contract Form and Required Contract Provisions

Unless the contractor provides a contract form, the district shall utilize the Consultant Services Agreement to execute a contract for services. The agreement (contract) shall include the following at a minimum, but may include other contract provisions, as appropriate:

- Services to be provided
- Service date(s)
- Contract Rate of Pay – Hourly, Daily, or Flat Amount
- Contract Term – Days, Months, or other term length
- Fingerprinting/Senate Bill 9 Compliance
- Independent Contractor Status
- Certificate of Insurance Requirements
- Indemnification clause

- Confidentiality
- Termination clause
- Governing law
- Signatures

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 effective only upon the district's receipt 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 contract's effective dates.
- All services will be invoiced monthly after services are received (rather than paid in a lump sum at the beginning of the availability period before services are rendered) and paid upon verification of receipt.
- The procurement regulations in **2 CFR 200.318-327** are followed when issuing the contract.
- All professional services provided under the contract will comply with the provisions of **2 CFR 200.459,** Professional service costs.
- The contract identifies the funding sources to be charged for the services provided, including the specific amount and/or percentage of the total contract amount to be charged to each 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 therein.
- The administrative costs charged to the grant in the contract must comply with any limitations on administrative costs imposed by funding sources (if applicable).
- The contract specifies that the contractor's invoice will include a list of services, the dates of services, and the location(s) where services were provided during the billing period.

In addition, the contract provisions shall include:

- The contract shall not have multi-year extensions.
- All products created as a result of the district shall be vested in the district, and the district shall retain all intellectual property rights

Contractual Obligation

The date the district executes (signs) a contract for professional services shall be defined as the "obligation date". The district cannot obligate federal grant funds except during the grant period. In compliance with **EDGAR 34 CFR 75.703**, 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 shall not execute a Letter of Intent to Contract with a third party prior to the issuance of a Notice of Grant Award (NOGA).

Selected Item of Cost – Travel Expenditures

The district may use federal grant funds for travel costs. All travel-related expenditures from grant funds shall comply with the allowable federal cost principles **[2 CFR 200.475],** the U.S. GSA Guidelines, School Board Policy (DEE Legal and Local), and the district's Travel Guidelines and Procedures.

Federal regulations **(2 CFR 200.475)** define travel costs as**:** *expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the non-Federal entity [district]. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the non-Federal entity's non-federally-funded activities and in accordance with non-Federal entity's written travel reimbursement policies.* The district has determined that all travel costs shall be paid and expensed using a combination of actual and per diem costs as defined in the district's travel procedures.

The allowable rates of reimbursement shall be the lesser of the federal rates or local rates. The district has elected to use a set mileage rate as established by the General Services Administration (GSA).

Travel-related expenditures with grant funds shall fall within the grant obligation period, unless a specific exception is allowed by the granting agency.

Travel Expenditures with Grant Funds (Staff)

The district shall reimburse federal grant-related travel expenses that are reasonable and necessary. Each official and employee of the district has a responsibility to limit travel to purposes that are clearly essential, directly related to federal grant activities, and to consider the most economical means of accomplishing travel. Travelers are encouraged to evaluate the options: driving versus flying, carpooling instead of flying, and sharing rooms when feasible.

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

- All travel expenditures shall be reasonable and necessary to carry out the federal grant activities
- A completed Travel Request/Expense Report for all travel expenses
- Submission of documentation and receipts to support *actual* travel expenditures within 10 days of the travel event, as required by the travel procedures
- Travel expenses shall not be recorded as travel expenses in a federal grant fund until "after the travel event" in compliance with the Obligation Rules.
    - The district has chosen to record prepaid travel expenses (meals/mileage) in the 1291.T9 account under the respective federal grant, but only after the travel event, except for registrations. Prepaid expenses, such as airline tickets, shall be tracked and not requested for reimbursement until after the travel event.
    - After the travel event, the expense report approval shall release the prepaid expenses to be posted as transactions to a 641X travel account.

Travel Expenditures with Grant Funds (Students)

Educational field trip expenditures require pre-approval from the federal granting agency or pass-through entity. Requests for educational field trip travel shall be submitted on TEA Division of Grants Administration Request for Specific Expenditure Approval: Educational Field Trips for TEA-administered federal grants or the federal granting agency, as appropriate. The Grant Manager, in collaboration with the requesting campus/department, shall prepare and submit the pre-approval forms in accordance with local travel procedures.

Participant Support Costs

Participant support costs are allowable with grant funds. Participant support costs include direct costs, such as travel expenses and registration fees, paid to or on behalf of participants or trainees (but not employees) in connection with conferences or training projects. (2 CFR) 200.456

- Equitable services to private nonprofit schools may include registration and travel costs for PNP staff participating in allowable professional development activities.
- Parental involvement activities may include registration and travel costs for participating in allowable parent trainings or conferences, as well as required parent involvement/advisory committees.

Allowable Travel Expenditures

- Registration fees – registration fees shall be allowable if the event is directly related to grant activities. Registration fees may be expensed only during the grant period as travel expenditures (64XX). In accordance with TEA guidance, the district may pay for registration fees in advance of the travel event. Recreational or social events subject to an additional fee, above and beyond the registration fee, shall not be allowed with local, state, or federal grant funds.
- Meals – meal expenses for overnight travel (in accordance with local travel guidelines) shall be allowed for district employees and students. Non-overnight travel meals expenses shall be allowed. The district shall advance or reimburse meal expenses, subject to the GSA limits or local limits, on an *accountable* per diem basis. The traveler shall submit an Expense Report with the actual meal costs for work-related meals and shall return the unused meal funds [if any] to the district. The meal per diem shall be adjusted in accordance with IRS regulations regarding the day of departure/return and meals provided as part of the registration fee.
- Lodging – lodging expenses for overnight travel (in accordance with local travel guidelines) shall be allowed if reasonable, necessary, and directly related to federal grant activities. The district shall pay for lodging expenses up to the GSA limits with federal grant funds. The district shall pay the actual cost of lodging in excess of GSA limits only with local funds, i.e., General Fund. Receipts shall be required for all lodging expenses. Recreational or personal services, such as gyms and spas, shall not be funded with local, state, or federal grant funds.
- Transportation – transportation expenses shall be allowed for *reasonable* expenses, such as flights, rental cars, taxis, shuttles, mileage reimbursement, etc. (in accordance with local travel guidelines and federal grant regulations **[2 CFR 200.475(e)]).** Receipts shall be required for all transportation expenses to the extent that a receipt is available. Transportation expenses shall be reasonable, necessary, and limited to the guidance in the cost principles.

Unallowable Travel Expenditures

The following travel expenditures shall be unallowable with federal, state, and local funds:

- Supplies and/or other conference resources
- Alcoholic beverages
- Entertainment expenses, such as in-room movies and fee-based hotel amenities (e.g., gyms, spas).
- Expenses for spouses or other non-district employees
- Expenses due to the traveler's failure to cancel a registration or travel arrangements (except for extenuating circumstances – if allowed due to extenuating circumstances, only local funds may be used for the expenses)
- Hotel Internet charges (hot spots should be used)
- Non-substantiated or fraudulent travel reimbursement requests shall be non-allowable travel expenses from federal, state, or local funds. Travelers who submit fraudulent travel

reimbursement requests shall be subject to disciplinary action, up to and including termination of employment.

In addition, in accordance with EDGAR, no federal, state, or local funds shall be used for travel expenditures of non-district staff, such as spouses. “Family-friendly” travel costs such as dependent care costs **[2 CFR 200.475(c)(1)]** may be allowable with federal grant funds under EDGAR; the district shall not allow any “family-friendly” travel expenditures with federal grant funds.

Out-of-State Travel

The district shall allow out-of-state travel with federal grant funds. Out-of-state staff travel expenditures require completion of the pre-approval form, TEA Division of Grants Administration Request for Specific Expenditure Approval: Out-of-State Travel. The completed form shall be maintained locally and attached to the travel request.

Review and Approval of Travel Expenditures

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

The review shall consist of the following:

- All original, detailed receipts include an itemized list of what was purchased
- The traveler has documented a valid reason for the travel, which is consistent with the grant guidelines and purpose
- The travel expenditures meet the allowable cost principles
- The travel is not for the Superintendent or other individuals (non-employees, such as family members, the School Board, etc.).
- The travel is for students during an educational field trip or other approved activity in accordance with the grant guidelines and purpose
- The travel is not for a contractor or consultant for *their* professional development
- The travel was approved by the granting agency, as appropriate (for example, out-of-state and educational field trip travel)

Construction Costs

Construction costs shall adhere to the compliance supplement manual for each funding source, without exception. The District shall analyze the project’s funding source prior to the encumbrance of any special revenue fund and develop a plan of action (scope of work) to follow for the duration of the project. In addition, the construction shall follow the same board policies, regardless of the funding source, for the duration of the project. Furthermore, any applicable statutes, such as, but not limited to, Davis Bacon Act, Buy American Steel Act, Matching Fund Requirements, and Program Income shall be adhered to without exception.

Where applicable, rules and regulations govern the actions of the Lubbock Independent School District, and policies thereunder are set forth for the District to adhere to. The policies developed at Board Policy Legal CV-Facilities Construction shall be established and followed to ensure compliance with local, state, and federal regulations where applicable.

In addition to complying with EDGAR provisions related to construction, the district shall adhere to all state laws, local policies, and procedures governing construction procurement.

In accordance with 2 CFR 200.319(d)(1)(2), the district shall ensure that the following procurement requirements are included in all procurement specifications:

- The specifications shall provide a clear and accurate description of the technical requirements as they relate to the material, product, and/or service to be provided
- The description of the project does not unduly restrict competition
- All requirements and other factors, and their relative weights, to be used when evaluating the bids and proposals, are identified in the specifications
- Prohibition of prospective contractors' involvement in the development of the specifications, bid documents, and contracts
- In accordance with 2 CFR 200.320(b)(2), the district shall adhere to the following process for conducting technical evaluations of received proposals and selecting the awarded contract.
- Evaluation criteria shall be included in the specifications, including the weights of all criteria
- A team approach shall be used to obtain at least three individuals to review and rank the proposals/bids
- Review of proposal/bid by each member of the review team and determination of the total points based on the criteria and weights
- Aggregation of the individual rankings to determine the team ranking
- The contract shall be awarded to the responsible offeror whose proposal/bid is the most advantageous to the district, with price and other factors considered
- Awards for professional services, such as architects and engineers, shall be based on the offeror's qualifications and an award made subject to negotiation of fair and reasonable fees.
- The Chief Financial Officer shall lead the evaluation team process. The Chief Financial Officer shall also ensure that no conflict of interest exists with any of the evaluation team members involved in the review and selection of the vendor.

Davis-Bacon Act:
All construction procurement documents must comply with the Davis-Bacon Act. Documentation must be maintained to support compliance with the Davis-Bacon Act during the procurement process. Documentation may include:

- Prevailing wages documentation in the construction specifications
- Davis-Bacon Act job site posting requirements
- Weekly payroll reports with every project drawdown (AIA reports)

In addition, the Domestic Preference for Procurement (commonly referenced as Buy America) should be included in all subcontracts and purchase orders.

Use of Design-Build Delivery Method
Since this process is consistent with state procurement requirements, we default to federal thresholds in determining compliance with federal procurement. Accordingly, if the overall contract is under $250,000, the design-build process is likely to meet the informal federal procurement requirements, as it requires only two quotes to support the reasonableness of the award and solicits budget information from potential vendors.

If the overall contract exceeds $250,000, the district would need to comply with 2 CFR §200.320(b) to meet federal procurement requirements. Generally, sealed bids are preferred for construction contracts (200.320(b)(1)), but here, if the resulting agreement is cost-reimbursement, it would require the open proposal process in 2 CFR §200.320(b)(2). In either circumstance, price must be used as a selection factor (only architect/engineer professional services can be procured solely on the basis of qualifications, with price negotiated afterward). And of course, the federal terms and conditions must be included, such as

Davis-Bacon, etc. But assuming the design-build process does not rely solely on qualifications and uses price information to select the winning proposal, the process should meet federal requirements.

According to 36.209, the grantee would need to obtain approval from TEA. 36.209 Construction contracts with architect-engineer firms. No contract for the construction of a project shall be awarded to the firm that designed the project or its subsidiaries or affiliates, except with the approval of the head of the agency or authorized representative. Subpart 36.3 – Two-Phase Design-Build Selection Procedures.

Please refer to AU-Q142 for further information.

Use of the Manager at Risk Method
Under the manager-at-risk method, the owner selects the construction manager prior to the bid stage. The district should competitively procure the manager. The grantee can make a case for sole source. It would be a noncompetitive procurement under a failed subcontractor, then the methods for noncompetitive procurement would apply 2 CFR 200.320(c)

Cost Principles – Allowable Costs
The district shall ensure that all grant expenditures are allowable under the Federal Cost Principles (2 CFR 200 – Subpart E), the grant application program assurances, the granting agency's policies, and the district's policies and procedures. Specifically, the allowable costs shall comply with the grant application and the statutorily permitted activities.

Before payment is made for construction projects, the Chief Financial Officer shall verify that all required documentation, such as certified payroll, has been reviewed and approved to support construction costs. The Accountant and CFO shall ensure that all costs reclassified to a grant fund meet all grant award and EDGAR regulations.

The Chief Financial Officer shall complete and submit a Davis-Bacon Act Certification form with every AIA payment request form to the Accounts Payable department.

Contract Monitoring
The Chief Financial Officer shall be responsible for monitoring and overseeing all construction projects funded with federal grant funds. The Architect shall oversee that the contractors perform in accordance with the terms, conditions, and specifications of their contracts and purchase orders.

The construction performance review shall include conducting on-site technical inspections and completing certified percentage data reports, such as work completed, materials stored, etc.

The Architect shall also verify that all billed work has been completed before a payment is made to the vendor and that the invoice (AIA payment form) contains all required documentation, such as certified payrolls.

Financial Monitoring and Reporting

The district shall ensure that all grant funds are consistently monitored throughout the grant period **[2 CFR 200.329].** The monitoring shall include, but not be limited to:

- Compliance with federal requirements such as cost principles, audit, and reporting requirements, etc.
- Compliance with account coding in accordance with the FASRG
- Monitoring of grant expenditures is properly documented and meets 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

Monitoring of Grant Purchases and Expenditures

The Grant Manager shall monitor expenditures during the grant period to ensure that funds are spent systematically and in a timely manner to accomplish the grant's purpose and activities. The following timeline should be used as a general guide for spending thresholds for a grant period of 15 months, but may be adjusted based on programmatic needs:

- 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%

The district shall maintain documentation supporting all grant expenditures and provide it upon request to the district's external auditors, the granting agency, or other oversight agency, as appropriate. (**2 CFR 200.329(b)(1)**)

The Grant Manager shall be responsible for compiling and submitting all federal program performance reports as required by the federal granting or pass-through agency.

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 by district staff and/or contractors (vendors) **[2 CFR 200.113 Mandatory Disclosure].** As appropriate, corrective actions shall be implemented to remedy the loss of grant funds resulting from fraud.

Draw-down of Grant Funds

The district shall, at least quarterly, draw down grant funds that have been spent in accordance with grant guidelines. Best practice is to conduct drawdowns monthly. The draw-down shall be for all allowable and documented expenditures to date, less grant funds received to date, as verified by a financial general ledger.

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

- The expenditure has been made, as evidenced by the distribution of a paycheck to a grant-funded staff member, or by mailing, e-paying, or delivering a payment to a vendor.
- Monthly payroll liability payments, such as federal taxes, Social Security/Medicare taxes, Teacher Retirement System, wage garnishments, and insurance/elective deductions, have been distributed as appropriate.
- Accrued wages (2160) and accrued liabilities (2210) shall be deducted from the expenditures reflected on the general ledger. [The accrued wages and liabilities represent future disbursements.]

At no time shall the district draw down any “advanced” cash payments.

Initiation of Draw-Down Request for Reimbursement

The draw-down of grant funds from the granting agency shall be initiated by the Grant Accountant. A detailed summary of the general ledger for each grant fund should be generated to determine whether the district is entitled to draw down funds, i.e., whether the granting agency owes the district any funds. If the district has funds available for draw-down, a detailed general ledger should be generated and forwarded to the Chief Financial Officer for his/her review, approval, and certification.

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

Review and Approval of Draw-Down Request for Reimbursement

The Chief Financial Officer and/or Grant Accountant review shall consist of the following:

1) A review of the detailed general ledger for any unusual charges or reclassifications of expenditures
2) A test sampling of either unusual or large expenditures to ensure that the expenditures were reviewed and approved by all designated staff
3) Monitor the percentage of expenditures to date to ensure that grant funds are expended on a timely basis throughout the grant period.
4) Authorize (in writing) the Grant Accountant to draw down the available grant funds by signing the draw-down documentation presented and electronically certifying the draw-down in TEAL.

The Grant Accountant shall prepare/post the journal entry to book indirect costs, if applicable, and the Chief Financial Officer shall approve the entry.

If the granting agency requires additional documentation for an electronic drawdown, the Grant Accountant shall comply with those requirements. For example, TEA, as an oversight agency, at times requests supporting information related to a drawdown, such as a detailed general ledger, a narrative justification, or a summary of expenditures by object code. Upon a request from the TEA, the Grant Accountant shall respond to the request within the allotted time to avoid designation as a “high-risk” grantee.

The Grant Accountant shall be responsible for ensuring that the requested drawdown does not exceed the grant-specific drawdown amount or percentage.

Final Draw-Down Request for Reimbursement

The final drawdown of grant funds from the granting agency shall be made within the allowable time frame. Unless the Federal awarding agency or pass-through entity authorizes an extension, a non-Federal entity must liquidate all obligations incurred under the Federal award not later than 90 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award **[2 CFR 200.343(b)].** 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.

Clarification of Liquidation Period

Demonstrating relative benefit to the program is generally defined as a benefit (item of expenditure) that must be received:

- For a discretionary program - must be received within the grant period dates identified on the NOGA for discretionary grants that will be ending at the end of the grant period, and no continuation funding is expected
- For a formula entitlement grant that will receive a continuing funding allocation in the subsequent year, the benefit may be received during the liquidation period

In either case, the expenditure must be paid (liquidated) within the liquidation period (90 days after the NOGA end date). The liquidation period is the closeout period of the grant. (Source: TEA EDGAR FAQs 5.3.)

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

The district shall promptly refund any balances of unobligated cash that the Federal awarding agency or pass-through entity paid in advance or paid and that are not authorized to be retained by the district for use in other projects **[2 CFR 200.343(d)].**

Certification of Draw-Down Requests for Reimbursement

Federal regulations **(CFR 200.415)** require that the district certify the accuracy of the annual and fiscal reports, or vouchers requesting payments, and that they be signed by the authorized individual(s). The Chief Financial Officer and Grant Accountant shall jointly certify every drawdown of funds, including the final expenditure report.

Missed Deadline for Draw-Down Requests for Reimbursement

If a final drawdown deadline is missed, the Grant Accountant shall contact the granting or pass-through agency to determine whether a process exists for requesting a filing deadline extension.

Recording Draw-Down Requests for Reimbursement

The revenue from the granting agency shall be recorded in the general ledger. State grant revenues shall be recorded to object code 58xx, and federal grant revenues shall be recorded to object code 59xx.

Receipt of Grant Funds

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

The district shall record all grant fund revenues upon receipt from the granting agency. The receipt of grant funds shall be posted to the general ledger to the appropriate revenue account code. If the grant funds received do not match the requested drawdown, the Grant Accountant shall contact the granting agency to determine the cause of 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 expense and revenue accounts. The Grant Accountant shall prepare and post the adjusting journal entry, and the Chief Financial Officer shall approve it.

The district shall promptly refund any balances of unobligated cash that the Federal awarding agency or pass-through entity paid in advance or paid and that are not authorized to be retained by the district for use in other projects **[2 CFR 200.343(d)].**

Tracking and Recording Receivables

At least monthly, the Grant Accountant shall review all pending receivables. Aged receivables, defined as greater than 60 days from the date of recording, shall be investigated and resolved by contacting the granting agency. The Chief Financial Officer shall be notified if aged receivables are not resolved within 90 days of the receivable's recording.

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 Grant Accountant shall prepare the journal ledger entry, and the Chief Financial Officer shall post the entry to the finance general ledger.

Grant Compliance Areas

The district shall ensure 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 costs, and maintenance-of-effort spending levels.

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 in which it appears.

Although the definition may vary from statute to statute, supplement-not-supplant provisions generally 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 to other purposes when federal funds are available. Federal funds must supplement—add to, enhance, expand, increase, extend—the programs and services offered with state and local funds. Federal funds are not permitted to be used to supplant—take the place of, replace—the state and local funds used to offer those programs and services. [TEA Supplement, Not Supplant Handbook]

The district process to ensure that all grant-funded activities are supplemental shall be a collaborative effort between the grant manager and the finance and procurement departments. District personnel receive annual training on the supplement-not-supplant provisions and, in turn, provide this training to campus personnel.

TEA has established “presumptions of supplanting”. In other words, there are three (3) scenarios in which the US Department of Education will presume that a supplant has occurred, unless the grantee can rebut the presumption with documentation. The burden of proof is on the district.

- Providing Services Required Under State or Local Law
- Providing Same Services as Those Provided in Prior School Year with State or Local Funds
- Providing the Same Services in Federal and Non-Federal Programs

The grant manager shall review and approve all purchase orders (and non-purchase order payments) as noted in the district’s purchase order approval path. The grant manager review shall include a

determination of whether the planned purchase and/or expenditure meets one of the following guidelines:

- The grant funds will be used to enhance, expand, or extend required activities. Examples may include before- and after-school tutoring, additional research-based instructional programs, or other supplemental expenditures not required by state law or local policy.
- The grant funds will be used for specific activities outlined in the grant application that go beyond those funded with local funds.
- The grant funds will be used to supplement 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 fund requirements.

Comparability

Comparability of services is a fiscal accountability requirement that applies to school systems that receive funds under Title I, Part A of the Every Student Succeeds Act (ESSA). The intent of the comparability of services requirement is to ensure that a school system 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]

The district does not meet any of the following criteria to be exempt from comparability testing:

- One campus per grade span group
- Multiple campuses in the grade span, yet none overlap grade levels
- Overlap of grade levels but no Title I, Part A, or skipped campuses in the grade span group
- Exclusion of campus or campuses results in no basis for comparison

The Director of Finance and Budget shall conduct the comparability test on an annual basis and complete the Title I, Part A Comparability Assurance Document (CAD), as appropriate, and submit the Comparability Computation Form (CCF) to TEA by the mid-November annual deadline.

In completing the CAD and CCF, the Director of Finance and Budget shall follow the process outlined below:

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

If TEA determines that the district is non-compliant, the Grant Manager and Director of Finance and Budget shall work collaboratively to address the non-compliance. In addition, the district shall adjust its budgets as appropriate until it is in compliance with the comparability requirement.

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. [TEA Indirect Cost Guidance].

The district has applied for an Indirect Cost Rate through the pass-through entity (TEA) for the current fiscal year. The Director of Finance and Budget 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: Indirect Cost Rates | Texas Education Agency.

In the event the district does not have a current federal negotiated indirect cost rate (including a provisional rate), it may elect to charge a de minimis rate of 15% of modified total direct costs. The recipient is authorized to determine the appropriate rate up to this limit. Recipients and subrecipients are not required to use the de minimis rate. When applying the de minimis rate, costs must be consistently charged as either direct or indirect costs and may not be double-charged or charged inconsistently as both. The de minimis rate does not require documentation to justify its use and may be used indefinitely. Once elected, the recipient must use the de minimis rate for all federal awards until the recipient chooses to receive a negotiated rate. **2 CFR 200.414**

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 Grant Accountant shall prepare and post a general ledger entry for the indirect costs.

Maintenance of Effort

The district shall comply with the maintenance-of-effort requirements of the Every Student Succeeds Act (ESSA) and the Individuals with Disabilities Education Act (IDEA).

ESSA MOE

Federal statute requires that school systems receiving Title I, Part A funds must continue to maintain fiscal effort with state and local funds. A school system 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 resulting from a Presidentially declared disaster, as well as any expenditures from federal funds. [TEA ESSA MOE Handbook]

The Director of Finance and Budget shall compute the MOE using the TEA ESSA MOE Determination Calculation Tool during the budget adopted process and at the end of the fiscal year. Non-compliance with the ESSA MOE will result in a reduction of ESSA funds in the exact proportion by which the district fails to meet the MOE requirement; therefore, the finance department shall plan for a reduction in grant funds at the local level. If the ESSA 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

A school system 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]

The Director of Finance and Budget shall compute the MOE using the TEA IDEA-B MOE Calculation Tool during the budget adopted process and at the end of the fiscal year. Non-compliance with the 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 a reduction in grant funds at the local level. If the IDEA-B MOE falls below the required level, the finance and grant management departments shall collaborate with the Assistant Superintendent of School Support & Special Services 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's Special Education expenditures and the next fiscal year's budgeted Special Education Expenditures. The Director of Finance and Budget shall provide these amounts to the Grant Manager not later than June 30th to ensure that the most accurate amounts are reflected in the grant application. Changes to these amounts, as they are known, by the Director of Finance and Budget shall be submitted to the Grant Manager, as appropriate.

Single Audit

In compliance with 2 CFR 200, Subpart F – Audit Requirements, the district shall engage an independent audit firm to conduct a Single Audit of federal awards, as applicable, based on the total federal awards in a fiscal year.

A non-Federal entity (recipient) that expends $1,000,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part. If the non-federal entity expends less than $1,000,000 in federal awards during its fiscal year, it is exempt from federal audit requirements for that year; however, the records of the non-federal entity must be available for review or audit by appropriate officials of the federal agency, pass-through entity, and the Government Accountability Office (GAO). [2 CFR 200.501]

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The scope of the Single Audit shall require the following:

- The audit must be conducted in accordance with GAGAS and cover the entire operations of the district during the audit period,
- Determination if the financial statements are presented fairly in all material aspects in accordance with generally accepted accounting practices,
- Evaluate the internal controls over federal programs, including testing to determine the risk level,
- Determination if the district has complied with federal statutes, regulations, and terms and conditions of the federal awards,
- Follow up on prior audit findings, and
- Submit the Data Collection Form.

Upon receipt of the Single Audit, the Chief Financial Officer shall determine if the audit contains any Corrective Actions of Questioned Costs:

- If any Corrective Actions are required, an Action Plan to remedy the deficiencies shall be developed and implemented by the Chief Financial Officer.

- If there are any Questioned Costs, an Action Plan to reclassify the unallowed expenses shall be developed and implemented by the Chief Financial Officer.

The Director of Finance and Budget shall electronically submit the Single Audit to the Federal Audit Clearinghouse at the end of the fiscal year. Verification of the submission shall be maintained for audit purposes.

Reporting Requirements

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

- Programmatic reports such as activity, progress, and evaluations – Grant Manager
- Expenditure reports such as interim, drawdown, and final expenditure reports – Grant Accountant
- Compliance reports such as Comparability, Maintenance of Effort, Indirect Cost, etc. – Director of Finance and Budget
- Highly Effective Staff Reports – Executive Director of Human Resources

The Grant Manager shall monitor the overall master list to ensure that all reporting requirements have been completed by the appropriate campus and/or department. The reporting requirements for TEA-administered grants are posted by grant on the TEA Grant Opportunities webpage.

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 and 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 **[2 CFR 200.344].** 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
- Draw down 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 is 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

The Grant Accountant must ensure that all grant close-out provisions are met on a timely basis and resolved with the awarding agency to avoid a termination of the grant award.

Under **2 CFR 200.344(h),** if the non-Federal entity does not submit all reports in accordance with this section and the terms and conditions of the Federal Award, the Federal awarding agency must proceed to close out with the information available within one year of the period of performance end date.