

Arlington Classics Academy

Fiscal Manual 2020-2021

General Information

The district has established fiscal procedures that apply to all financial transactions regardless of the funding source.

The Executive Director of Schools and administrative staff shall be responsible for developing and enforcing procedures for the operation of the District. These procedures shall constitute the administrative regulations of the District and shall consist of guidelines, handbooks, manuals, forms, and any other documents defining standard operating procedures. The Executive Director of Schools shall approve this State and Federal Grants Manual on an annual basis, or as appropriate, if federal, state or local changes in regulations or policy warrant immediate changes. **Administrative regulations [procedures] are subject to Board review but shall not be adopted by the Board. Business Department Mission** The Mission of the Arlington Classics Academy Business Office is to provide support to all District students, staff, parents, and the community and to ensure that all business operations are supportive of the instructional goals and objectives of the district.

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

Gene Zhu Interim Director of School Business
Operations DBO@acaedu.net 817-987-1819
ext. 3004

Yvette Gamez
Accounting Clerk
ygamez@acaedu.net
817-987-1819 ext.
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Jennifer Pool Coordinator of
Payroll & Benefits
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Ray Jaksa Purchasing
Coordinator
rjaksa@acaedu.net
817-987-1819 ext.3007

All Business Department staff are expected to comply with the:

- **Code of Ethics and Standard Practices for Texas Educators**
- **School Board Policy**
- **Arlington Classics Academy Code of Conduct (Employee Handbook),**
- **Confidentiality Agreement, and**
- **Arlington Classics Academy: Acceptable Use Guidelines.**

Each staff member shall have an up-to-date job description on file in the Human Resources department. In addition, each staff member should receive and sign a job description and corresponding evaluation instrument during the annual evaluation process. Changes to job descriptions should be made when substantial changes occur in job duties or responsibilities.

Accounting Code Structure

The Financial Accounting & Reporting Module of the Financial Accountability System Resource Guide (FASRG) contains the required accounting code structure. Use of the appropriate accounting code structure is mandatory. The code structure is available on the TEA website at www.tea.state.tx.us.

A major purpose of the following accounting code structure is to establish the standard school district fiscal accounting system required by law. Although certain codes within the overview may be used at local option, the sequence of the codes within the structure, and the funds and chart of accounts, are to be uniformly used by all school districts in accordance with generally accepted accounting principles. Exhibit #29 (FAR: 1.4.1 Overview of Account Codes)

Activity Funds – Overview

According to the FASRG, Site-Based Decision-Making Module, activity funds historically have been accounted for by school districts in various fund groups: general fund (Fund 420) and special revenue funds (Fund 461). A school district should consider the following questions to determine the proper method and fund in which activity funds should be accounted:

- Does local board policy allow for recall of excess or unused fund balances into the general fund for general school district use? If so, these activity funds should be accounted for in the *general fund*, and revenues and expenditures should be budgeted.

- Do other persons besides the students involved in the activity fund (teachers, sponsors, principals, administrators, etc.) have access to activity fund? If so, this money should be accounted for in *Fund 461 - Campus Activity Funds*.
- The district has made the determination that all Campus Activity Funds will be accounted for in Fund 461. This shall include the principal's activity account and any other non-student organization accounts such as the library, grade level teachers, athletics, etc.

All fundraising activities through Activity Funds shall meet the sales tax rules as established by the State Comptroller's Office. All sponsors of fundraisers [subject to sales tax] shall report and pay the sales tax due to the Comptroller on a quarterly basis. Fundraisers that meet the "one day tax free day" will not be subject to sales tax. Specifically, each school district, every campus and every bona fide club or organization may conduct two (2) tax free fundraisers per calendar year. The Comptroller's [School Fundraisers and Texas Sales Tax](#) [July 2018] provides an excellent resource regarding what sales are taxable or non-taxable.

Activity Funds (Campus or Department – Typically Fund 461)

Campus activity funds for co-curricular and extracurricular activities (under the control of the principal) shall be collected, receipted, and deposited to the district's business office which is managed using a centralized system. All deposits and expenditures under a centralized system shall be made through the district business office and fully comply with the cash/check handling procedures on page 5 for detailed instructions.

Campus activity funds shall be primarily used to benefit students. These funds shall not be used for "gifts" to students and/or staff. Examples include monies collected for field trips, athletic events or book fairs. Campus Activity Funds are raised through fundraising efforts and/or donations.

Generating activity funds shall not in any way compete with the district food service activities. Activity funds generation shall be a passive activity and shall not detract from the district's overall primary educational purpose. The generation and expenditure of campus activity funds shall be held to the same standard and scrutiny as that of appropriated funds. Activity funds shall be audited and must adhere to accepted business practices.

Campuses may establish a staff account (Hospitality or Sunshine) with voluntary donations from staff. These funds are not district funds and may be used in any manner. Purchases with these funds are subject to taxes as they represent personal purchases and not district purchases. Purchases typically include flowers for ill staff members, employee recognition awards, etc.

Budget Amendments

A budget amendment is a transfer of funds across different functions. For example: a budget amendment would result if instructional funds (function 11) were requested to be transferred to the library (function 12).

Budget amendments must be approved by the Board of Directors [Board of Directors approval is required prior to exceeding the budget in any functional level]. Requests should be submitted in accordance with agenda deadlines posted by the Executive Director of Schools. Remember that if a purchase order is pending the outcome of a budget amendment, the purchase order will not be processed until after the Board of Directors has approved the request.

Budget Transfers

A budget transfer is a transfer of funds which is not across different functions. The Director of Business Operations shall approve all budget transfers.

To keep budget transfers to a minimum, each campus / program administrator should review his/her budget on at least a monthly basis to determine if any budget transfers are necessary. Each campus / program administrator is encouraged to limit budget transfers. Excessive budget transfers may substantially change the budget document that was presented to the Board of Directors during the budget adoption process.

Budget transfers are approved by the Director of Business Operations. Budget requests shall be submitted in writing to the Director of Business Operations.

All budget transfers and/or amendments in state or federal grants shall be approved by the Executive Director or designee to ensure that a grant amendment if filed with the granting agency (such as TEA).

Cash/Check Handling

A receipt shall be issued for all cash collections that equal or exceed \$5 per item, unless a ticket is issued in lieu of a receipt (i.e. athletic events and school dances). A receipt is not necessary for small fines or minor sales from fundraisers that are less than \$5 per item; such as ice cream and candy. A copy of all written receipts must be submitted with the cash deposit to the campus secretary.

All cash and checks shall be deposited to the campus secretary for safekeeping on a daily basis. No post-dated checks can be accepted. Funds must not be kept in classroom desks, personal wallets, purses, or at home. Cash purchases are prohibited unless authorized by the Director of Operations – every dollar collected should be receipted and deposited to the campus secretary. The campus secretary shall prepare a Standard Deposit Form for all monies collected and forward the deposit to the district’s business office according to the following guidelines.

If deposits exceed \$1,000 or more in a single day or \$2,000 within a week, then deposits must be submitted to the central business office for safekeeping. All monies collected must be secured overnight in a locked campus safe, without exception.

Personal employee checks shall not be cashed from monies collected at the campus or district level to ensure an adequate audit trail of all funds collected by the district.

Standard Deposit Form

Business Office checks will be printed, endorsed, and released on a weekly basis. Generally, checks will be generated on Thursday. At times checks may be processed earlier or later, due to holidays, staff work schedules or unforeseen events. All check requests, including supporting documentation, such as travel reimbursements, shall be approved by the appropriate principal or administrator and submitted to the Accounting Clerk on Tuesday. Requests received after this time will be processed on a case by case basis. Check requests without all of the supporting documentation will not be accepted, nor processed. The Business Office shall determine the date that vendors will be paid, so employees should not make prior commitments to vendors about check disbursements.

The appropriate forms shall be used for travel disbursements, all other non-purchase order disbursements and/or reimbursements. All check requests shall be submitted on a Standard Check Requisition or Request for Reimbursement Form at [ACA Forms](#). State law requires that the district pay all invoices within 30 days to avoid penalty and interest charges, so all invoices should be submitted to the Accounting Clerk on a timely basis for payment.

Checks not cashed by the expiration date (12 months from date of issue) will be voided. A new check will be reissued if the payee is located and requests a reissue. Otherwise, the funds will be distributed in accordance with the State of Texas Unclaimed Property Guidelines.

Positive Pay Positive Pay requires the district to transmit a file of issued checks to the bank once checks have been issued through the online system. When issued checks are presented for payment, they are compared electronically against the submission received by the banking

institution. This examination serves as an effort towards reducing check fraud losses and liability.

ACA Forms

Contracts for Consultants or Contracted Services

Consultants are non-employees who are contracted to perform a personal or professional service such as staff development, medical services, etc. The Executive Director of Schools is the only individual authorized to sign contracts on behalf of the district. **No other employee is authorized to sign a contract or agreement on behalf of the district.** Contracts that exceed \$50,000 in accordance with local board policy shall be approved by the Board of Directors.

All contracts that exceed \$50,000 per Board Policy 100.200, shall be procured using the competitive procurement requirements established in the appropriate state law (TEC or the Government Code). The evaluation criteria [such as cost and prior performance] for the review of the proposals shall be determined prior to the solicitation for proposals/bids. The review and recommendation process shall include a separation of duties: the originator of the contract request should work collaboratively with the business office to evaluate the proposals/bids.

If a contract for a consultant or contracted services will be funded through a federal grant, the Executive Director or designee shall also approve the contract to ensure that it is: 1) included in the grant application; 2) budgeted in the grant; 3) verify that the contracted services is allowable under the grant; and 4) approved for the granting agency (such as TEA). The contract originator (campus or department administrator) shall be directly responsible to ensure that the contractor performs the services covered by the contract.

Please follow these procedures when submitting a request for Contracted Services:

- Obtain the complete vendor packet from the consultant, ensuring the following forms:
 - A completed W-9 form
 - Conflict of Interest Questionnaire
 - A Felony Conviction Form
 - If the consultant will work directly with students, a Criminal Check
- Authorization form and State Board of Educator Certification fingerprinting documentation.
- Submit a requisition to encumber the funds required for the contract. The contract will not be released to the consultant, nor will the consultant be allowed to begin work for the

district, until a purchase order is approved by the final approver.

Contracted services include services such as repairs, maintenance, technical support, and related services. Documentation of insurance, such as general liability, workers compensation, and auto liability, shall be submitted to the business office with the purchase order. The Certificate of Insurance shall name Arlington Classics Academy as additional insured.

Complete Vendor Packet

Contracts for Service Agreements

All contracts for rentals, service agreements, etc. must be signed by the Executive Director of Schools or designee. **No other employee is authorized to sign a contract or agreement on behalf of the district.** An employee who signs a contract or agreement, without proper authorization, will be personally liable for the terms of the contract or agreement. Contracts that exceed \$50,000 shall be approved by the Board of Directors. Refer to the Contracts for Consultants and Contracted Services for additional guidance related to contract administration.

Copies

The district buys several copiers that are strategically placed in different campuses or departments. The copiers are for district business use only.

Credit Cards – Selected Merchants

The district utilizes credit cards for purchasing of supplies. Selected merchant cards (i.e. Lowes) shall be maintained at the business office. Credit purchases must be pre-approved by the Director of Business Operations.

All credit receipts (detailed, itemized) shall be submitted to the business office within 1 day of purchase to ensure prompt payment to the vendor. If receipts and credit card receipts are not submitted on a timely basis, district credit card usage may be suspended and/or revoked if receipts are not submitted on a timely basis. The district does not allow the use of the selected merchant credit cards for purchases from federal grants.

Donations & Gifts

Donations or gifts of cash or cash equivalents (gift cards), equipment, or materials to individual schools or to the district by individuals or organizations shall become property of the district. District employees are prohibited by law from intentionally or knowingly offering, conferring,

agreeing to confer on another, soliciting, accepting, or agreeing to accept a personal gift or benefit.

Cash donations shall be deposited to the appropriate account in accordance with the cash/check handling procedures. Gift card donations shall be recorded on a Collections Log and maintained in a safe until utilized by the appropriate individual(s).

Donated equipment shall have an inventory tag affixed to it if the unit value is greater than \$500. In addition, the equipment shall be added to the district fixed asset tracking system.

Fiscal Year

The fiscal year begins on September 1st and ends on August 31st. All goods and/or services received and invoiced during these dates must be paid from current fiscal year funds.

Personnel should ensure goods can be received by August 15th prior to placing an order. All invoices for goods received before August 15th shall be submitted to the Business Office by August 30th for processing and payment.

Fixed Assets & Inventory

Fixed assets [capital assets] are defined as equipment with a unit value over \$5000. These assets are tracked and recorded on the district's financial general ledger. Fixed assets that are stolen, obsolete, damaged beyond repair, etc. should be reported to the Director of Business Operations for removal from the district's financial records.

Inventory items are defined as equipment with a unit value over \$500, but less than \$5000. Other items classified as digital, media or technology with a unit value under \$500 may also be tracked and tagged. These assets are tracked and recorded on the district's inventory tracking system. Inventory items that are stolen, obsolete, damaged beyond repair, etc. should be reported to the Director of Business Operations for removal from the district's inventory tracking system. Inventory items are tracked for insurance purposes. Inventory items (with a unit value between \$500 and \$4999) must be purchased through the use of an Object Code 6XXX. Inventory items (with a unit value less than \$500) must be purchased through the use of an Object Code 6399.

Items lost due to theft or vandalism must be reported immediately for police report and insurance claim purposes.

Fixed assets will be disposed of on at least an annual basis after determination that the assets

are obsolete or surplus (have no useful value to the district). The Executive Director of Schools or designee shall approve the disposal of all assets, including the method of disposal, i.e. auction, garage sale, donation to another public school, etc. No employee shall remove surplus or obsolete assets for personal use. If an asset purchased with a federal grant is scheduled for disposal, the federal grant process shall be coordinated with the Executive Director.

Fundraising

All fundraising activities must be preapproved by the Executive Director of Schools or designee.

Gift Cards

District funds shall not be used to purchase gift cards. Gift cards, in any amount, are taxable to the employee and must be processed through the employee's paycheck.

Gift cards donated to the district by outside sources and given to employees as a reward or incentive are also taxable to the employee according to IRS regulations.

State and Federal Grant Management

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

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

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

Grants Management

All state and federal grants shall be managed by the Executive Director or designee. TEA-

managed grants shall meet the Grant Management guidelines established by TEA. Specifically, grant fund expenditures must meet the following guidelines:

- Reasonable and necessary
- Supplemental to state and local funds
- Strategies identified in the District Improvement or Campus Improvement Plans
- Supported by original source documentation (invoices, receipts, etc.)
- Comply with Federal Cost Principles (Allowable expenditures)

The Grant Manager shall approve all expenditures with grant funds.

On an annual basis, all staff paid from federal grant funds shall sign a job description each school year.

All non-state or non-federal grant applications shall be submitted to the Executive Director of Schools or designee for review and approval prior to submission. This requirement includes all grant applications to merchants, foundations, etc.

All grant funds will be budgeted, expensed and monitored through the district's finance system. All grant reimbursement requests shall be prepared and submitted by the business office after collaborating with the appropriate Grant Manager.

Grant applications are to be amended prior to processing changes requested by staff and approval is to be received from the grantor agency, in accordance with the requirements in TEA document "When to Amend the Application."

Hotel Occupancy Tax Exemption Form

This form shall be used for school-related travel to conferences, workshops, etc. Copies may be obtained from the business office or via the web at the link below. Lodging taxes in the state of Texas, which should have been exempt, will be unauthorized for reimbursement if the traveler fails to present the certificate to the hotel. The traveler will be held responsible for such charges, if any.

The Hotel Occupancy Tax Exemption Form applies only to lodging in the state of Texas.

Invoices

Vendors are required to submit all invoices to the business office, yet occasionally an invoice will be mailed directly to a campus or department. If any invoices are received at the campus or department, they should be signed (if the goods/services were received), and forwarded to the business office. Texas law requires that all invoices be paid to vendors within 30 days of receipt of the goods/services. If the district fails to pay promptly, the vendor can assess penalty interest charges. If a staff member neglects to submit an invoice on a timely basis, he/she may be held personally liable for the penalty interest charges.

The Business office issues invoices for reimbursement requests from outside entities as needed. The invoices are tracked so that funds are collected on a timely basis.

Online Purchasing

Since external vendor online purchasing generally does not have internal controls which include verification of available budgeted funds, use of online purchasing will be limited to specific vendors and authorized users. The district will utilize online purchasing through specific vendors as approved by the Business Office.

The accounting clerk is the only authorized user at this time with rare exceptions allowed by the Director of Business. Training for this type of purchasing will occur on an as-needed basis.

Payroll Procedures

Every non-exempt employee shall “clock-in” and “clock-out” daily through the Veritime time clock system. Failure to clock-in or out may result in non-payment of unverified work time. All administrative supervisors approve the timesheet for their respective paraprofessional and support employees by the end of day Tuesday for the week prior.

All non-exempt employees shall comply with the work schedule assigned by their respective supervisor. All overtime shall be pre-approved by the Director of Business Operations. An employee who repeatedly works in excess of his/her assigned work schedule, without authorization, will be subject to disciplinary action, including termination.

All employees shall log their absence in Aesop when absent from work to ensure that the time off is recorded in their respective leave record and approved by their immediate supervisor.

All staff paid from federal grant funds shall comply with the Time & Effort Certification Requirements. Arlington Classics Academy uses the TEA approved substitute system for Time

and Effort. All staff should adhere to the requirements of this substitute system. The Time & Effort Certification Form shall be completed on a semi-annual basis and submitted to the immediate supervisor. The supervisor shall review and approve the certification. After approval of the certification form, it shall be forwarded to the Payroll Coordinator. The Payroll Coordinator shall verify that the “actual” time worked on grant activities matches the “budgeted” salary. If a variance exists, the certification form shall be forwarded to the business office to reallocate the actual expenditures based on the certification form. For example, a teacher is paid from the Title I, Part A grant (50%) and local funds (50%). In a given month, the teacher works 20% on Title I activities and 80% on locally-funded activities, the actual salary expense for that given month must be reallocated to 20% Title I and 80% local. For hourly or supplemental payroll funded through federal grants, the Personnel Activity Report should accompany each time sheet that represents time allotted to approve grant activities.

ACA Forms

Petty Cash Account

The district business office is authorized to manage a petty cash account. Expenses from petty cash are distributed and charged to the appropriate campus or department. The petty cash account is provided for convenience when minor emergencies arise unexpectedly. The maximum authorized expense is \$300. The Director of Business Operations shall be responsible to ensure that funds exist in the account(s), which will be utilized to pay for the petty cash expenditures. Only general fund (Fund 420) and campus activity fund (Fund 461) accounts may be expensed via a petty cash voucher.

Petty cash requests for reimbursement shall be submitted by the Director of Business Operations as needed to replenish the cash balance. At all times, the petty cash account shall reconcile – the sum of the disbursed cash, purchase receipts and/or cash shall equal the authorized amount.

The petty cash account must always be in balance, i.e. the total cash on hand plus the receipts on hand must equal the total petty cash account.

Purchasing Deadlines

In an effort to maximize the use of budgeted funds during the current fiscal year, the purchasing deadline for **supplies and equipment** shall be designated by the Director of Business Operations each fiscal year but no later than the first Friday of May. Summer needs for staff development and summer school should be anticipated and ordered prior to the May deadline. At times, the purchasing deadlines for state or federal grants may vary from the deadlines stated

above due to grant ending dates.

Purchase of Food and Non-Food Items

Food and non-food items (such as paper plates, cups, silverware, etc) shall be for instructional purposes (Food Science & Nutrition, science projects, etc), for meetings/training sessions, or other approved functions. These food and non-food items may not be consumed or used for personal use. Excess prepared food items may be consumed or disposed of as appropriate. Food purchases for the Child Nutrition Program shall be subject to the U.S. Department of Agriculture guidelines.

Generally, snacks, food, and non-food supplies for staff development purposes shall be charged to a staff development account code (function 13). Use of district funds for food or snacks shall be allowed only during a “working lunch”. Documentation to support the “working lunch” shall include a meeting agenda with the inclusion of a “working lunch”.

When these items are utilized for faculty, site-based meetings, etc., the expense shall be code to the Campus Activity Account (fund 461). All other uses should be coded to the appropriate account code.

The purchase of breakfast or refreshments/snacks are strictly prohibited with state and federal grants. Meals may be allowable, though rare, on a limited basis if the meal meets the “working lunch” or “light lunch” exceptions as described in TEA’s Guidelines Related to Specific Costs (located at www.tea.state.tx.us).

Purchase Requisition and Order Forms

A purchase order form is used to purchase supplies, equipment, or services from an external vendor. The electronic system allows users to enter purchase requests electronically, verify account balances, select pre-approved vendors, etc. at the point of data entry. Budget codes must be entered on all requisitions.

The Financial Accounting & Reporting Module of the Financial Accountability System Resource Guide (FASRG) contains the required accounting code structure. Use of the appropriate accounting code structure is mandatory. The code structure is available in this manual and on the TEA website at www.tea.state.tx.us.

After the requisitions pass all electronic approval paths, the purchase order form is automatically numbered for audit tracking purposes. **No employee shall order or receive goods without an approved purchase order from a pre-approved vendor.** A system requisition cannot be used

to place an order. All purchase orders are mailed, emailed or faxed to vendors by the Business Office. According to Board Policy, employees who violate the district purchasing procedures shall be held personally liable for the debt incurred.

ACA Forms

Purchasing Procedures

Prior to making any purchases, a requisition must be entered by an approved user including, at the school level, by the school Receptionist or Administrative Assistant. All information including Vendor name/number, Ship to, Item number and description, Account number and Dollar amount need to be data entered. Please remember to add any shipping costs necessary to process your order. Any requisitions received without all pertinent information will be denied and returned to the campus. If there are any attachments that need to be sent with your order, please submit it to the Business Office with your requisition number clearly stated on it.

Requisitions will be approved twice per week (Tues and Thurs) with exceptions or changes due to staffing, scheduling, or work calendar, once submitted by school staff. Once the requisition is approved, a “vendor” copy of the purchase order will be sent to the vendor for processing. A “blue” and “green” copy of the purchase order will be sent back to the campus. The “blue” copy is for the campus records. When the order is received at the campus, the “green” copy must be signed as “received” and the packing slip must be attached. If a partial order is received and you are still waiting for items, simply make a photocopy of the “green” and sign as “received”, attaching the corresponding packing slip and mark the photocopy as “partial”. When the “green” copy of the purchase order is received by the Business Office we will know that your order is complete and any remaining balance will be closed.

Invoices will not be paid and processed until we have received a signed purchase order (green or partial) and packing slip stating the order has been received. See Receiving of Goods section for detailed instructions.

Purchasing Laws

All school district contracts for the purchase of goods and services, except contracts for the purchase of produce or vehicle fuel, valued at \$50,000 or more in the aggregate for each 12-month period shall be made by the method that provides the best value for the district in accordance with the Texas Education Code (TEC 44.031). According to Board Policy, any single, budgeted purchase of goods or services that costs \$50,000 or more, regardless of whether the goods or services are competitively purchased, shall require Board approval before a transaction may take place. All purchases, which may exceed these limits, should be brought

to the attention of the Business Office well in advance of the need for the goods or services. The bidding process may take approximately 2 to 3 months, from bid specification development to Board of Directors approval. Since non-compliance may result in criminal penalties, this requirement will be strictly enforced.

Exceptions to the procurement methods described in TEC 44.031, include the following:

Sole Source A school district may purchase an item that is available from only one source, such as an item with an existing patent, book, film, utility service, or replacement/component part. A common sole source purchase for school districts is the purchase of iPads, which shall be purchased only from Apple, Inc.

Professional Services The services of an architect, attorney, certified public accountant, engineer, or fiscal agent. A school district may, at its option, contract for professional services rendered by a financial consultant or a technology consultant in the manner provided by Government Code, Section 2254.003 in lieu of the methods provided by TEC 44.031.

Construction The procurement of construction is governed by Policy 100.200. This section addresses the selection of the architect, engineer and contractor; the evaluation criteria, advertising requirement, and methods of procurement.

Insurance Requirements

When a special event or activity is planned, principals should always secure a certificate of insurance (with ACA named as an additional insured), contract and any necessary waivers/releases during the planned period.

Receiving of Goods

The district uses a decentralized receiving system – all goods are delivered to the campus or department of the originator. A copy of every purchase order for goods (supplies/equipment) will be forwarded to the originator for use in receiving the goods. Upon receipt of the goods, the campus secretary of the campus or department shall promptly verify that the order was received complete and in good condition. Discrepancies, if any, should be reported to the vendor. The signed receiving report, packing list and invoice shall be forwarded to the business office within 5 days of receipt. Upon receipt of the receiving report and the invoice, the vendor will be paid for the order. Staff members that receive authorization to pick-up goods directly from a vendor shall submit written confirmation of receipt to the secretary of the campus or department. All

items that require an inventory or fixed asset tag will be tagged by the Business Office at the campus or department.

Rental of facilities (Facility Usage)

The Director of Business Operations or designee shall execute all Facility Usage. The Campus Principal shall coordinate the usage of all campus facilities via the District Administrative Assistant who will notify the Director of Business Operations by forwarding a completed rental agreement or facility usage form. All rental fees shall be deposited to the district's miscellaneous revenue account. Refunds, if any, due to overpayment by the renter shall be processed for reimbursement through the district's online requisition system.

District employees assigned to work in support of a rental agreement must be paid through the payroll department. The fees charged to the renter will be noted on the rental agreement. The renter shall not be allowed to pay district employees directly with cash, check, or other method.

A Rental Agreement is required for all rentals of facilities. All contracts shall include a cleaning fee of \$50 [unless waived]. School wide events will not be charged a facility usage fee. Other fees, if any, will be negotiated with the lessee at the time that the rental agreement is executed.

Returned Checks

All makers of returned checks will be charged a \$30.00 fee. The fee is subject to increase based on the district's depository bank service fee schedule for returned checks. The district shall reserve the right to reject future checks from makers of returned checks.

The district uses a check collection service through PayTek. All returned checks are turned over to the vendor for collection. The collected funds and service fees will be forwarded to the district by the vendor.

Sales Tax Exemption Form

The sales tax exemption form shall be used for school-related purchases only. Misuse of the exemption form for personal purchases constitutes a misdemeanor. Copies of the exemption form may be obtained from the business office or via the web link below. Taxes, which should have been exempt, will be unauthorized for reimbursement if the exemption form is not presented to the vendor at the time of the purchase. Purchase of personal items for staff or students are not eligible for the sales tax exemption.

Overnight Travel Expense

All overnight travel requests shall be submitted via the Overnight Travel Request Form at least two (2) weeks prior to the travel event (meeting, conference, workshop, athletic event, etc). The overnight travel request will be forwarded to the appropriate administrator for approval. The final approval will rest with the employee's supervisor.

The travel rates for meals, lodging, mileage, and airline are limited to the rates and amounts stated in district policy or the GSA per diems. (<https://www.gsa.gov/travel/plan-book/per-diem-rates>) Exceptions to GSA maximum lodging rates can only be approved by the Executive Director via a rate increase request form with justification for the added expense. Refer to the Texas State Comptroller Travel Guidelines for Employees for current policies, procedures and reimbursement rates. Mileage reimbursement will be calculated using the school location as the starting point and travel designation as the ending point. Backup documentation of miles traveled (Google Maps) as well as proof of required travel (registration form, flyer) are required for reimbursement.

Hotels are to be paid through the Purchase Order system. A check will be issued to the employee and should be presented to the hotel upon arrival with the Hotel Occupancy Tax Exemption Form.

If the Executive Director or designee approves all purchasing documents from federal grants, the same administrator shall approve all grant funded travel expenditures in the same manner.

ACA Forms

Vendors

Purchases from vendors that operate on a cash basis (do not accept purchase orders) will not be allowed. The district participates in the Buy Board Cooperative Purchasing Program and the TCSA Cooperative Purchasing Program. Priority should be given to these vendors since the goods and/or services have been subjected to the rigor of a competitive bid process. Requests to add new vendors shall be accompanied by a complete vendor packet that includes Form W-9, Felony Conviction and Conflict of Interest Questionnaire (CIQ). As a matter of law, all existing and new vendors shall be required to complete and file a CIQ with the business office. The governing body (Board of Directors) and the Executive Director of Schools shall complete and file Local Government Officer Conflicts Disclosure Statement (CIS) with the business office.

Complete Vendor Packet

Federal Regulations for Federal Grant Awards

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

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

Overview of the Education Department General Administrative Regulations (EDGAR). The EDGAR, as amended on December 26, 2014, includes five (S) subparts under 2 CFR Part 200 of EDGAR as noted below:

- Subpart A - Acronyms and Definitions
- Subpart B - General Provisions
- Subpart C - Pre-award Requirements
- Subpart D - Post-award Requirements
- Subpart E–Cost Principles
- Subpart F - Audit Requirements
- Appendices – I through XI

The EDGAR in its entirety can be accessed at:

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

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

At the District level, managing State and Federal Grants shall be a collaborative process between all departments. Each respective department shall be responsible for their duties and responsibilities as they relate to the management of state and/or federal grants. The duties of each department are listed below in general terms. Additional, specific duties and responsibilities may be listed within an area of compliance within this manual.

Business Office

- Assisting the EDS or designee with budgeting grants funds. Preparing and posting the initial budget and all amendments to the general ledger.
- Assisting the Payroll and Benefits Coordinator 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 Executive Director's (or designee) reconciliation of the time and effort reports, as appropriate if adjustments are necessary
- Managing the day-to-day cash needs for grant expenditures and drawing-down cash reimbursements, as appropriate
- Managing all purchasing and contractual commitments in compliance with the grant periods and allowable cost principles
- Retaining all financial records for the required length of time (FE+5 years) for audit purposes
- Managing all fixed assets and ensuring compliance with the inventory and disposition federal guidelines

Human Resources Department

- Assisting the EDS or designee with the recruitment and hiring of all grant-funded staff
- Ensuring that all grant-funded staff meet the Highly Qualified Staff federal guidelines, as appropriate (And, all state certification requirements)
- Ensuring that all grant-funded staff have a job description with the grant-related duties and funding. (And, that all grant-funded staff sign a job description on an annual basis)
- Preparing the Highly Qualified Staff Annual Report or similar report
- Maintaining audit-ready HR employee files for financial audit or single audit purposes, as appropriate
- Developing and maintaining all salary schedules to ensure consistency between local and non local pay rates (Includes base salaries, stipends and extra-duty rates of pay)
- Assisting the EDS or designee 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 (Date of Separation +5 years) for audit purposes

Academic Services Department

Supporting the Executive Director and grant managers by working cooperatively with the campus administrative staff to ensure that all grant activities are collaboratively planned and appropriate to each campus.

- Providing supporting documentation for budgeted grants funds and, submitting all grant amendments to the Business Office to facilitate budget amendments.
- Assisting the Human Resources department with determining the payroll distribution code(s) for all grant-funded staff.
- Preparing all grant-related programmatic (evaluation) reports (monthly, quarterly and/or annual as applicable).
- Ensuring compliance with the FASRG in coding all payroll and non-payroll expenditures.
- Receiving and monitoring the time and effort reports, as appropriate, and submitting adjustments, if any, to the Business Office
- Monitoring the spending thresholds throughout the grant period to ensure that the grant activities are being conducted systematically throughout the grant period
- Reviewing and approving all purchasing and contractual commitments in compliance with the grant periods and allowable cost principles
- Retaining all grant records for the required length of time (10 years) for audit purposes
- Providing information to the Business Office regarding the number and type of grant-funded positions approved in the grant application by the granting authority
- Verifying with the HR department that all grant-funded staff meet the Highly Qualified Staff federal guidelines, as appropriate (And, all state certification requirements)
- Verifying with the HR department that all grant-funded staff have a job description with the grant-related duties and funding. (And, that all grant-funded staff sign a job description on an annual basis)
- Verifying with the HR department that the Highly Qualified Staff Annual Report and conducting the required public notice or hearing, as appropriate
- Assisting the HR department with determining the position title, Role ID and other salary information for use in completing the grant application.

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

State and Federal Programs/Grants

State Programs - Allotments State Program allotments are estimated and paid to school districts through a Summary of Finance template created by the Texas Education Agency. The

actual state allotments are calculated as noted below in each respective section. A settle-up process occurs at the end of each fiscal year - funds owed to a district are paid by TEA and funds owed by a district are paid to TEA (or TEA reduces the following fiscal year funds by the amount owed to the state).

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

- **Special Education 52% PIC 23**
- **Career & Technical Education 58% PIC 22**
- **State Compensatory Education (SCE) 52% PIC 24**
- **Bilingual/ESL Education 52% PIC 25**

During the budget process, the estimated state allotment shall be calculated based on prior year special program enrollment and average daily attendance (ADA). The estimated state allotment by special program shall be provided to the Executive Director or designee as noted below. The Executive Director or designee shall be responsible for ensuring programmatic compliance on each campus through campus administration. Programmatic compliance shall include, but not limited to: program eligibility, program design, instructional delivery, entry/exit procedures, professional development and certification.

The Business Office, specifically the Director of Business Operations, shall be responsible for the financial compliance in each of these special programs. Financial compliance shall include, but not limited to: budgeting development & monitoring, approval of expenditures, financial reporting, and financial audit.

As part of the budget adoption process, the Director of Business Operations shall verify that the proposed budget includes appropriations in each of the special programs of *no less* than the percentages stated above as required direct expenditures for each special program.

[Note. If the District does not budget to compliance, it may not spend to compliance.]

Throughout the fiscal year and at the end of the fiscal year, the Director of Business Operations 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 Director of Business Operations shall ensure that the deficit amount is budgeted in the following fiscal year.

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

Basic Services - PIC X

- PIC 11 Basic Educational Services

Enhanced Services - PIC 2X - 3X

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

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

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

What the employee will do? Determines the function code

Where the employee will work? Determines the organization code (may be split) Determines the population served or PIC (may be split)

Who will benefit? Determining the correct payroll account distribution code(s) is critical to ensure that all payroll costs are expensed in the correct account code(s). This is extremely important for staff assigned on a partial or full-time basis to support a special program. Only the payroll costs for services whose

intent is to serve one or more special program may be charged to the special program PIC.

By June 15th, each school year, the Campus Principals shall prepare a Staff FTEs report that is based on the campus Master Schedule. The Staff FTE report shall reflect the names of all staff, the position, and the assignment(s) by PIC code. For example, a teacher that teaches 4 special education classes and 4 career and technical education courses should have .5 FTEs in PIC 23 and .5 FTEs in PIC 22. [Note. The master schedule shall reflect the teaching assignment for all teachers and every course section shall reflect the "intent", or population served code. The population served codes 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

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 Executive Director or designee shall also submit a Staff FTE report for non-campus administrative staff by June 15th. The PIC codes for the non-campus staff shall reflect what they do, where they are assigned to work, and the special program(s) that they support.

The Staff FTEs reports shall be submitted to the Payroll Coordinator no later than the deadline of June 15th. The Director of Business Operations shall verify the Staff FTEs and ensure that funds are budgeted in the appropriate payroll account codes. Budget changes and/or amendments, if any, shall be prepared by the Director of Business Operations. [Note. The minimum spend percentages shall be verified again to ensure that the budgeted amount by PIC still meets or exceeds the minimum spend percentage by special program.]

The prior process of verifying the FTEs/account codes, approval of the FTE report, and submission of the reports to the payroll department shall occur upon the receipt of assignment changes.

Special Education The Special Education program must adhere to applicable state and federal laws. Specifically, each school 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 Executive Director or designee with oversight responsibility will certify the Special Education program data prior to submission to TEA.

State Compensatory Education (SCE) The Compensatory Education program must adhere to state law. Chapter 29 of the Texas Education Code addresses the programmatic guidelines related to eligibility, "at risk" identification, and program services. Chapter 42 addresses the funding formula and allowable costs. The SCE program is funded based on the highest six (6) months of free and reduced lunch eligibility students in the prior school year. The Director of Human Resources and Student Support shall ensure the monthly counts of free and reduced lunch eligibility are accessible to the Business Office, Director of Business Operations, on a monthly basis for the purposes of estimating SCE funds in the next fiscal year.

Specifically, each school district shall identify students eligible for the Compensatory Education program and serve the students in an appropriate manner to obtain state funds. There are thirteen (13) at risk indicators in state law. The Coordinator at each campus shall be responsible for identification of all at risk students. The at-risk student enrollment shall be reported to TEA through the PEIMS Fall Submission.

The SCE program compliance is unlike the other special programs in that it requires specific documentation as outlined in the Financial Accounting System Resource Guide (FASRG) Module 9. The District Improvement Plan (DIP) and Campus Improvement Plans (CIP) are the primary source of documentation for the expenditure of SCE funds.

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

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

Federal Grants

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

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

General Provisions:

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

1. The District has established a conflict of interest policy for all federal grant awards and shall disclose in writing any potential conflict of interest to the granting agency. The same conflict of interest questionnaire that is used for other district functions shall be utilized for compliance with this provision. The Conflict of Interest Questionnaire shall be completed by all district staff involved in federal grant awards: Executive Director of Schools, Business Office, Human Resources, and Principals. Conflicts of interest, if any are reported, shall be posted on the district's website and reported to the granting agency. The Director of Business Operations or designee shall be responsible for overseeing and collecting the conflict of interest questionnaires.
2. The district shall comply with all additional conflict of interest requirements required by the federal granting agency and/or the pass-through entity (TEA).
3. The District shall disclose in writing to the granting agency and/or pass-through entities any violations of federal criminal law including fraud, bribery or gratuity violations affecting a federal grant award. Upon detection of any fraud, abuse or waste with federal grant funds, the District shall promptly notify the proper legal authorities and pursue appropriate criminal and/or civil actions. In addition, the district shall report to the granting agency and pass-through entity, the extent of the fraud or violations. In addition, the District shall reclassify fraudulent expenditures made with federal grant awards to local district funds, i.e. the General Fund. The Executive Director or designee shall be responsible for overseeing,

reporting and documenting any fraud, abuse or waste of federal grant funds.

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, all district employees are prohibited from accepting unsolicited gifts or tokens from vendors or other parties who are affected by (or have an interest in) a federal grant award that exceed an the nominal (individual) value of \$25.00 and an aggregate value of \$100.00 in a fiscal year. The unsolicited gifts or tokens may not include the following:

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

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

Pre-Federal Award Requirements:

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

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

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

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

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

Grant Application Process The district may be eligible to apply for "entitlement" or "competitive" federal grant funds.

Federal entitlement grant funds include, but are not limited to, Every Student Succeeds Act (ESSA), Individuals with Disabilities Education Act (IDEA), and the Carl D. Perkins. The "maximum" and/or "final" entitlement awards for the district are posted on the TEA Grants Management webpage at <http://tea.texas.gov/index4.aspx?id=5040>

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

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

All grant applications must be reviewed by the Executive Director or designee. In addition, all grant applications that will support student instruction at one or more campuses, must be developed in collaboration with the respective campus principal(s). Specific grant activities to support the academic program at a campus should be reflected in the Campus Improvement Plan.

The final approval of a grant application shall be the Executive Director of Schools.

The Business Office will work in collaboration with campus principals to ensure that all grant budget schedules are completed using the correct account code structure (as appropriate); the district's purchasing, travel and other procedures; and are adequately documented if prior approval is required by the granting agency or pass-through entity (TEA).

The Director of Academic Services shall obtain pre-approval for the following activities which have been identified by the granting agency or pass-through entity (TEA):

- Student field trips

- Hosting conferences
- Out-of-state travel

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

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

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

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

The Business Office shall notify the appropriate administrators when the funds have been budgeted and are ready for expenditure by the appropriate campus or department.

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 Executive Director or designee shall inform all staff involved in the expenditure of grant funds of the provisions and assurances for each grant program, as appropriate.

Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion

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

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

The Business Office shall monitor ongoing contracts to verify the contractor's compliance with the debarment, suspension, ineligibility and voluntary exclusion provisions. In the event that a vendor is suspended or debarred during a contract, the district shall continue the contract in

force until the contract lapses. The contract term shall not include any extensions to the original term of the contract. **Lobbying Certification** For all federal grants in excess of \$100,000, the district shall certify on the grant application that no federal grant funds are expended for the purpose of lobbying. The grants management and Business Offices shall jointly execute a Lobbying Certification Form [Standard Form - LLL: Disclosure of Lobbying Activities], as applicable, if the district used funds other than federal grant funds for lobbying activities.

The Director of Business Services shall ensure that all contract award documents with federal grant funds contain the appropriate lobbying certification language.

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

Budget amendments, if any, shall be approved by the EDS or designee 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 if the new object code does not require specific approval from the granting agency.

The EDS or designee shall monitor the need for amendments at least quarterly throughout the grant period and at least one (1) month prior to the grant amendment deadline, if applicable. If an amendment is necessary for any of the reasons specified by the pass-through entity (TEA) or in federal regulations, the EDS or designee shall initiate the amendment process and collaborate with the Business Office 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 Executive Director of Schools shall approve all federal grant amendments.

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

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

The financial management system must contain information pertaining to all federal awards,

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

Records Retention

The financial management system shall be utilized to store, maintain, and report all required federal grant information. Consequently, the district shall ensure that access to the data is restricted to authorized individuals in accordance with the district's Data Security and Access policies. In addition, the district shall retain all federal grant records for a period of ten (10) years in accordance with the district's Local Records Retention Plan. The district's Record Management Officer (RMO) and Director of Business Operations 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.

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

Internal Controls The district' internal control procedures over financial management shall be made available to all staff involved in the management of federal grant funds. The internal control procedures shall be reviewed on at least an annual basis and updated as appropriate. If any weakness in an internal control is detected, the internal control procedures shall be revised to incorporate the weakness (es) at either the annual review or as the need arises dependent upon the severity (materiality) of the weakness.

A copy of the district's Internal Control Procedures are embedded with this manual and available from the business department. The Director of Business Operations shall be responsible for the annual review and update of the Internal Control Procedures.

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

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

The district has determined that it will not accept advanced payments for federal grant funds. The district shall seek reimbursement for federal grant expenditures, rather than using an advanced payment method. Consequently, the district shall prepare and submit a "drawdown" 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 drawdown of expended funds shall be net of all rebates, refunds, contract settlements, audit recoveries and interest earned, as appropriate. The Director of Business Operations shall be responsible for preparing the drawdown of federal grant funds. All draw-downs shall be recorded on the general ledger as a receivable when the drawdown process is complete and posted to the cash account upon receipt of the receivable.

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

Cost sharing or matching funds The Executive Director or designee 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 Executive Director of Schools and the Director Business Operations must approve the commitment of all cost sharing and matching grant funds.

If cost sharing or matching funds are required as part of a federal grant award, the required direct or in-kind expenditures should be recorded and tracked on the general ledger. If matching grant funds are required in the General Fund (Fund 420), the district shall utilize a sub-object to separately track the expenditures for reporting and compliance purposes. All staff paid with cost sharing and matching funds, shall be subject to the Time and Effort Documentation requirements.

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

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

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 EDS or designee shall notify the appropriate departments, such as Human Resources and Student Support and the Business Office of the grant periods for each federal grant award to ensure compliance as noted below:

- No employee shall be hired and paid from federal grant funds except during the federal grant period
- No purchase obligation shall be made from federal grant funds except during the federal grant period
- No payroll or non-payroll expenditures shall be made from federal grant funds except during the federal grant period. All obligations with federal grant funds must occur during the grant period. Obligations that occur before or after the grant period are not allowable costs. The obligations must be liquidated in accordance with the grant deadlines, especially as they relate to the final drawdown of federal grant funds. Guidance regarding the obligation of federal grant funds can be found in TEA's General and Fiscal Guidelines.

The Executive Director or designee shall monitor the expenditures during the grant period to ensure that the funds are spent in a systematic and timely manner to accomplish the grant purpose and activities. The following timeline shall be used as a general guide for spending thresholds for a grant period of 15 months. The optimal spending thresholds noted below may be adjusted based on programmatic needs. For example, if the federal grant will be used for summer activities such as summer school, a larger percentage of the grant may need to be withheld for those specific activities.

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

Procurement Standards/Expenditure of Grant Funds Expenditures of grant funds shall be through the Business Office processes in place for non-grant funds, but shall have additional requirements as noted below to ensure full compliance with federal cost principles.

General Procurement Standards The district shall comply with the general procurement requirements of the EDGAR (2 CFR 200). The district shall utilize a purchase order and encumbrance system to manage the expenditure of all federal grant funds 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 and the district's **Purchasing**

Procedures. The district purchasing procedures shall comply with all federal, state and local procurement requirements.

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

- List of all procurements by type
- Advertisement date(s) of the procurement
- Release date of the procurement specifications
- Selection criteria for vendors
- Opening date of the procurement
- List of vendors submitting a proposal/bid
- Selection of Vendor
- Date of contract award
- Begin date of contract
- End date of contract

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

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

- Consolidation of purchases to obtain volume pricing, as appropriate
- Evaluate the cost efficiencies of leases versus purchases of equipment
- Utilize cooperative purchasing agreements, as appropriate, to obtain volume pricing
- Utilize federal or state excess/surplus property supplies or equipment in lieu of purchasing new supplies or equipment, as appropriate
- Utilizing value-engineering in construction projects to seek cost reductions

- Develop a tracking system of all informal and formal procurements
- Monitor vendor performance to ensure that the vendor provides the services and/or goods, as appropriate
- Ensure that all contract and vendor disputes are resolved in the most advantageous manner. The district shall complete a review of the procurement system on at least an annual basis to self-certify that the procurement system is efficient and effective. The Director of Business Operations shall oversee the completion of the self-certification. The results of the certification shall be distributed to all grant management staff. If deficiencies are noted, the Director of Business Operations shall develop a Corrective Action Plan to remedy the deficiencies, as appropriate.

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

Any public officer shall each execute a Conflict of Interest Form to disclose a conflict of interest, as appropriate, related to the awarding of a contract or substantial expenditures with federal grant funds. **No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. In addition, no employee, officer or agent of the district may neither solicit nor accept gratuities, favors or anything of monetary value from contractors or parties to subcontractors. All employees shall comply with the Educators' Code of Ethics (Employee Handbook). Violators of the Code of Ethics (Employee Handbook) shall be subject to disciplinary action, including but not limited to, termination of employment with the district.**

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

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

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

- The district shall not restrict vendor competition by requiring any of the following as selection criteria:
 - Unreasonable requirements, such as excessive experience or bonding, brand name products or geographic preferences that would unduly restrict competition among qualified vendors
 - Arbitrary restrictions that are not essential to the bid/proposal specifications

A vendor database shall be maintained by the Business Office. The district's **Adding/Renewing Vendors Procedures** shall be adhered to for all purchases. Vendor selection shall include the following criteria:

- Has not been debarred or suspended from contracting under federal grants All vendors shall complete the appropriate vendor forms as required by federal or state regulations and the district. The district requires that every vendor have the following documents on file:

- Vendor application file (new vendors)
- Form W-9
- Conflict of Interest Questionnaire
- Felony Conviction Notice
- Fingerprinting (If working directly with students)
- HB 89
- SB 252

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

- Time, date and place of bid/proposal opening
- Anticipated award date, as applicable
- Written specifications and addendums, as appropriate
- List of all bid/proposal required documents such as CIQ, Felony Conviction Notice, etc
- Bid/Proposal Sheet
- Bid/Proposal evaluation criteria, including the weights, as applicable The Director of Business Operations 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. In addition, the district shall comply with state purchasing laws.

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

Informal Procurement (Micro- and Small Purchase) Methods Informal procurement methods are used when the total purchase amount does not exceed the small purchase threshold of \$250,000 for public schools. Child Nutrition (CN) Program sponsors are expected to use reasonable practices to obtain the best product or service at the best price and terms. There are two types of informal procurement methods, micro-purchase and small purchase method. This document will provide the steps necessary to conduct these methods of procurement. The districts Like Items Categories are:

- 1. Writing Instruments**
- 2. Office Supplies**
- 3. Cleaning & Janitorial**
- 4. Hardware & Painting**
- 5. Technology**
- 6. Wellness and Health Care**
- 7. Food Service Operations**

Micro-Purchase Method The **Procurement by Micro-purchase** may be the most frequently used methods due to the frequent purchase of goods or services that are less than \$10,000 as defined in CFR 200.67. The district shall purchase goods and services under this method from among qualified vendors, but will not competitively procure the micro-purchases, unless in the aggregate in a 12-month period (fiscal year), the district exceeds the state law thresholds. The Business Office shall distribute micro-purchases equitably among qualified vendors. This method may be utilized for the purchase of products or services when the aggregate dollar amount for a single transaction does not exceed \$10,000. Aggregate dollar amount is the total amount of purchases of similar items that can be reasonably combined in order to conduct an efficient procurement action. When using the micro-purchase method, sponsors do not need to solicit competitive quotes, however the following steps need to be taken:

1. Products and services will only be obtained if prices are considered reasonable.

2. To the extent practicable, purchases will be distributed equitably among qualified sources.
3. The **aggregate of “Like Items”** dollar amount of the individual purchase will be under \$10,000. 4. Coop Sponsors will collect and maintain invoices or receipts to document the purchases. **Small Purchase Method for Grant Purchases** This method may be utilized for the purchase of products or services when the total purchase amount is less than \$250,000 for public schools. With this method the following steps need to be taken:

Solicitation documents are prepared and contain sufficient information to permit a vendor to respond. At a minimum, this must include:

- Clear and accurate specifications or descriptions of the products or services needed including quantity requirements. For example, a sponsor may specify four cases of bananas, fresh petite green tip 150 count per case. Sponsors cannot prohibit competition by specifying a “brand name” product without allowing “an equal” product to be offered instead.
- The date by which the products or services must be provided; and
- If factors other than price will be considered, these factors need to be included in the solicitation. Factors might include quality, geographic preference, delivery schedule, licensing requirements, etc.
- Price quotes are obtained from multiple (preferably three or more) qualified sources and remain confidential before the award. Qualified means respondents must be eligible, able, responsive and willing to provide the product or service.
- Price quotes obtained orally should be confirmed in writing, identifying the pertinent details of the transaction including:
 - Name of the vendors solicited
 - Date the information was provided
 - Products or services to be purchased, including quantities
 - The duration of the price or rate quotation
 - Factors other than price that were discussed such as delivery schedules
 - Name of the individual soliciting the information
 - A new solicitation must be conducted for purchases that will be made after the current quotation expires.

Quotes will be evaluated based on price and any other factors that were identified in the solicitation. Negotiation of price and terms is allowable but all potential vendors should be treated fairly and given the same opportunity to match a better price or terms.

The purchases will be awarded to the most responsive and responsible vendor based solely on price or on other specified factors identified in the original solicitation. Responsive means the vendor submits a bid that conforms to all specifications and terms of the solicitation. Responsible means the vendor is capable of performing successfully under the terms of the solicitation.

There will be a contract administration system to ensure vendors perform in accordance with the terms of their contracts or purchase orders. For example, meal substitutions for participants with disabilities must be provided, price adjustments must not exceed the Consumer Price Index (CPI) specified on the renewal vended meal contract, etc.

All information used in the procurement process must be maintained for a period of three years plus the current fiscal year and available upon request for review. This information includes:

- Solicitation and written specifications
- Names of vendors that were evaluated
- Price quotes (emails, letters, phone calls, in person, etc.)
- Evaluation criteria
- Selection of vendor
- Invoices or receipts

The **Procurement by Small Purchase Procedures** shall be used by the district when the purchase of goods or services do not exceed \$250,000; the Simplified Acquisition Threshold (CFR 200.88). The purchasing department shall require written, emailed or faxed quotations from at least three (3) qualified vendors for all small purchases, i.e. purchases that do not exceed \$25,000. The district shall strive to obtain small purchases from qualified vendors under a Cooperative Purchasing Program. The district is currently participating in the following cooperative purchasing programs:

TASB Buy Board	Source-Well	
TCSA	DIR	
ESC 11	NIPA	
ESC 20	1GPA	
ESC 10	TIPS	
Choice Partners	NJIA	
Community Partners	State of Texas	SmartBuy

Sealed Bid Procedures for Grant Purchases The **Procurement by Sealed Bids** method shall be used by the district when the purchase of goods or services exceed \$50,000 and unless a procurement contract exists through a purchasing cooperative. 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. The district shall comply with the sealed bid requirements, as defined by the EDGAR, as noted below:

- Bids must be solicited from an adequate number of bidders, but no less than two (2) bidders
- Bids must be publicly advertised and bidders shall be provided an adequate amount of time to prepare and submit their bid.
- The district shall publicly advertise all bids in accordance with state law, i.e. at least two (2) times in two separate weeks
- The district shall provide no less than ten (10) days for bidders to prepare and submit their bids
- Bids must contain detailed specifications to ensure that bidders have a clear understanding of the goods or services that the district is seeking to purchase
- Bids must specify the time, date and district location where bids will be opened publicly
- Bids must be awarded based on a fixed 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 not consider payment discounts because the district does not routinely take 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 for Grant Purchases The **Procurement by Competitive Proposal** method shall be used by the district when the acquisition of the goods or services exceeds \$50,000 and does not lend itself to a fixed price contract. The district shall comply with the sealed bid requirements, as defined by the EDGAR, as noted below:

- Requests for Proposals (RFP) must be publicly advertised
- The RFP shall identify the evaluation factors and their weight in awarding the proposal
- Proposals shall be solicited from an adequate number of 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
- The district shall develop an instrument to evaluate each proposal and rank the proposals based on the evaluation scores
- The district shall evaluate each proposal by committee or no less than two (2) district staff with knowledge of the RFP specifications
- In accordance with state law, the vendor who is ranked highest as providing the "proposal most advantageous to the district" shall be notified of the potential award
- The district may negotiate with the vendor only as it relates to potential cost savings
- If the district and vendor ceases to negotiate, the district shall notify the vendor in writing before starting to negotiate with the 2nd highest ranked vendor.

Noncompetitive Proposal Procedures for Grant Purchases The **Procurement by Noncompetitive Proposal** method shall be used by the district when the purchase of goods or services is from a "sole source vendor". A sole source vendor is defined as a vendor that meets the following requirements:

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

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

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

For all purchases that exceed the Simplified Acquisition Threshold of \$150,000, the district shall perform a cost or price analysis with every procurement. Secondly, all purchases that exceed this threshold shall comply with federal bonding requirements such as:

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

The Director of Business Operations shall be responsible to ensure that all purchases above this threshold are guaranteed with the appropriate bid guarantee, performance bond and payment bond.

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

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

Property Standards The district shall safeguard all property (assets and inventory) purchased with federal grant funds under the same guidelines as property purchased with local funds. Additional insurance for property purchased with federal grant funds shall be acquired if specifically required by a federal grant award. The Director of Business Operations shall oversee the acquisition of insurance for all federally funded property.

Real Property

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

Equipment and Supplies

The district shall use federal grant funds to purchase equipment and supplies. The district shall not use federal grant funds to purchase intangible property. [Note. This is an option, subject to the CFR 200.315

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

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

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

Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life. (CFR 200.94)

Acquisition Cost

The district 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 includes those development costs capitalized in accordance with generally accepted accounting principles (GAAP). Ancillary charges, such as taxes, duty, protective in transit insurance, freight, and installation may be included in or excluded from the acquisition cost in accordance with the non-Federal entity's regular accounting practices.(CFR 200.2)

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

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

The district has also defined technology-related "walkable" or "personal use" items with a unit cost less than \$1,000 as the following (these items shall be tracked by the Technology Department].

Computers, tablets or other technology with a cost under \$500

902.61 Identifying and Tracking Federally-Funded Assets

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

- 1) District-issued tag (or identification number)
- 2) Date of acquisition
- 3) Description of asset
- 4) Serial number, or other identifying number
- 5) Funding source, i.e. fund code
- 6) Federal use of asset (percentage)
- 7) Cost of asset (acquisition cost)
- 8) Use and condition of the asset (New, Used, etc.)
- 9) Life of asset
- 10) Location of asset (building and room number)
- 11) Depreciation of asset 12) Owner of asset title, typically the district

Maintaining Asset Inventory & Records

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

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

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

During the life of the asset, the district shall ensure that all assets purchased with federal

grant funds are insured against loss. The costs to insure and maintain (repair) assets purchased with federal grant funds are generally allowable costs, unless specifically prohibited by a granting agency. The Director of Business Operations shall be responsible for maintaining the fixed asset database of all district assets, including all federally-funded assets.

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

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

Costs must be reasonable and necessary

- **A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.**
- **Necessary is defined as costs needed to carry out the grant activities Be allocable to Federal awards 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 the 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 costs incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.**
- **Except as otherwise provided for in EDGAR, be determined in accordance with generally accepted accounting principles.**
- **Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.**

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

Necessary is defined as costs needed to carry out the grant activities

- Be allocable to Federal awards
- 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 the 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 costs incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- Except as otherwise provided for in EDGAR, be determined in accordance with generally accepted accounting principles.
- Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.
- Be the net of all applicable credits.
- Be adequately documented.

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

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 Cost Allocation Plan or Certificate of Indirect Costs as set forth in Appendices III through VII, and Appendix IX. The certificate must be signed on behalf of the district by the Executive Director of Schools.

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

Selected Items of Costs

District costs generally fall under two major categories:

- 1) compensation/benefits; and
- 2) non compensation (supplies, services, travel or equipment). The district has elected to use federal grant funds for both compensation/benefits and non-compensation expenditures.

Compensation & Benefits - Employee {Payroll Expenditures}

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

Compensation Costs

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

- The costs are reasonable for the services rendered and conforms to the established district compensation and benefit plans for expenditures with all other funds, i.e. local funds,
- The employees have been employed in accordance with the district's established Hiring Procedures, and
- The costs are supported by the appropriate timekeeping, absence tracking, time & effort certifications or other documentation, as appropriate,
- Federally-funded employees shall report all outside employment or professional services rendered to other entities. The external employment and/or professional services shall not conflict with the federally-funded activities with the district,
- Incentive compensation, such as stipends, awards, early resignation incentive, attendance incentive, etc. in accordance with the district's written plans for each of these incentives,
- Stipend compensation for other non-federal grant award duties shall be supported by a Supplemental Duties Job Description/Pay Notice. The additional duties shall not conflict with the federally-funded activities with the district, **Benefit Costs**

- District costs for fringe benefits for federally-funded staff shall be allowable as noted below:
 - All benefit costs shall be in accordance with the district's Employee Handbook
 - All leave benefits shall be in accordance with the district's Employee Handbook
 - The benefit costs shall be distributed equitably at the same allocation rate (percentage) as the base compensation
 - The benefit costs were earned and paid during the grant period
 - All benefit costs shall be allowable under the Internal Revenue Service, Fringe Benefits Guide (as subjected to taxes, as required by federal statute)
 - The district shall not charge any benefit costs to a federally-funded grant if the benefit costs are not in accordance with the district's Employee Handbook 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

Documentation of Compensation and Benefit Costs

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

Exempt staff

- Employment agreement, contract, or reasonable assurance, as appropriate
 - Job description signed by the employee with language similar to: *Funded by Title I, Part A with the primary purpose of supporting grant activities aimed at improving academic achievement for students struggling to meet state standards.*
 - *Supplemental duties, if any, shall be supported by a supplemental job description*
 - Absence records, if any
- Time and Effort documentation, as appropriate (Semi-Annual Certification, Periodic Time and Effort, or the Substitute System for Time and Effort) **Non-Exempt staff**

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

Selection of Grant-Funded Staff

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

The process of approving payroll expenditures from grant funds shall be a collaborative process between the campus or department, Human Resources and Business Office. Each campus and/or department plays an essential role in ensuring that all federal grant requirements are met.

The School Board approved Teacher Pay Scale or Executive Director of Schools approved,

budgeted salaries shall be used to compensate all district staff whether paid from local, state or federal grant funds. In addition, the district shall provide the same employer-provided benefits for all district staff whether paid from local, state or federal grant funds.

The compensation for grant-funded staff shall be allocated to the respective grant program (fund) based on the single and/or multiple cost objectives performed by the grant-funded staff. If a grant-funded staff

member performs non-grant activities during the day or beyond the normal work day, the compensation for the non-grant activities shall be paid from non-grant funds. Grant-funded staff with more than one cost objective, shall comply with the Time and Effort documentation requirements. Incentive payments, such as performance, perfect attendance, safety, etc. for grant-funded staff shall be allowable with federal grant funds if they are based on the same criteria as non-federal grant funded staff.

New Positions

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

New Hires

This method may be utilized for the purchase of products or services when the total purchase amount is less than \$250,000 or \$175,000 for public schools. 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.

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

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

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

Transfer of Personnel

When staff in a position funded with grant funds is recommended for transfer to another campus, department, or assignment, the grants management, human resources, and Business Offices shall work collaboratively to ensure that the appropriate staff allocations and funding

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changes are made at the time of the transfer. The home campus or department shall initiate the request for the transfer, especially if it is a teaching assignment change at a campus. The grants management, human resources and Business Offices must evaluate the requested transfer to ensure that the staff allocations, highly qualified staff requirements, and funding source changes are in compliance with grant requirements.

For example, if an elementary principal requests to transfer a Title I Reading teacher to a Pre Kindergarten regular classroom teacher, the following considerations should be evaluated by the respective departments:

1. HR - ensure that a vacancy exists in a PK teacher position and that the teacher recommended for transfer is certified to teach PK;
2. Grants management - ensure that the grant strategies and activities can be accomplished in a timely manner after filling the vacancy that would be created by the transfer; and
3. Business Office - ensure that funds exists for the additional PK teacher slot and change the payroll account distribution code(s) from Title I to PK as of the effective date of the transfer.

Substitute Teachers

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

approved substitute pay scale shall be used to compensation 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. NOTE: It is recommended by the TEA that a job description for each stipend role include the duties related to the grant purpose and the grant funding source. The School-Board approved Stipend and Extra Duty Pay Schedule shall be used to compensation all substitute teachers whether paid from local, state or federal grant funds.

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

902.73 Time and Effort Documentation

District staff funded wholly or partially with federal grant funds shall comply with federal guidelines related to time and effort. The grant funded staff, their immediate supervisors, Director or Designee(s), Human Resources, and Business Offices shall be aware of the federal guidelines related to time and effort documentation. On at least an annual basis, all impacted staff shall be trained by the grants management department and/or attend appropriate training from an outside source.

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

Time and Effort documentation does not apply to Independent Contractors.

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

Job description for all grant funded staff

The district shall develop and distribute a job description to all district staff that is wholly or partially funded with grant funds. The job description shall include the funding source and the

job duties as they relate to the grant position. The grant-funded staff shall sign the job description at employment and on an annual basis, or at a minimum, when the funding source, job title or other change occurs in the employment or assignment of the staff member.

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

Roster of all grant funded staff

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

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

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

1. Campus or department - ensure that the grant funded staff are assigned in the position title as noted on the roster. The master schedule or assignment of instructional staff must support the position title and funding source.
2. Human Resources - ensure that the position title and salary are correct as noted on the roster. In addition, the HR department shall ensure that each grant funded staff member has a signed job description on file for the position title noted on the roster. And, the HR department shall ensure that all grant-funded staff meet the state's Certification or are Highly Qualified, as appropriate.
3. Finance - ensure that the funding source(s) and salary are correct as noted on the roster. In addition, the Business Office shall ensure that the payroll distribution account code(s) are in accordance with the FASR.
4. EDS or designee - ensure that the positions are authorized on the grant application and that the PEIMS Staff Data submitted to TEA is consistent with the position title, Role ID and object code.

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

Budgeting of grant funded staff

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

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

The EDS or designee, Payroll/Benefits Coordinator and Director of Business Operations shall work collaboratively to adjust the budget and payroll account code distributions of grant funded staff if the time and effort documentation consistently reflects that the percentage(s) across the funding source(s) is not a true reflection of the normal work schedule.

Federal Grant Funds or State Compensatory Education Funds: TIME AND EFFORT

The Director or Designee(s) review shall consist of the following:

1. A review of the certification forms to ensure that every staff member and supervisor has certified that their schedule is 100% grant related
2. A test sampling of staff assignments, i.e. master schedule, duty schedule, etc. to verify the schedule is 100% grant related

The Payroll Coordinator shall collect and review all Semi-Annual Certification Forms. Any certifications that reflect a percentage variance greater than 10%, shall be forwarded to the Business Office for adjustment of the grant payroll expenditures for the certification period. The Payroll Coordinator shall file the certifications for audit purposes.

If necessary, the Business Office shall prepare a journal ledger entry to correct the account distribution code(s) as appropriate. The Director of Business Operations 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)**

For payroll funded through Federal Grants or State Compensatory Education that does not follow a standardized or routine schedule OR is supplemental, hourly compensation, a Personnel Activity Report should accompany each timesheet/period that represents actual time worked for approved grant activities. Exceptions can be made if an employee (ie: diagnostician) is employed part time for specific purposes and funded 100% through a single grant.

These employees are required to maintain a Personnel Activity Report to account for their time under a substitute system. Employees must prepare time and effort reports at least monthly to coincide with the district pay periods. Such reports must reflect an *after-the-fact* distribution of 100 percent of the *actual* time spent on each activity and must be signed by the employee and their immediate supervisor.

Grant-funded staff under this category shall complete a personnel activity report to include the date, grant source, percentage worked in the grant source per day and the summary for the month (or pay cycle). The staff member and his/her immediate supervisor shall sign the personnel activity report. The timeline for time and effort reports shall be twice per month to coincide with the semi-monthly payroll cycle as noted below:

1. Semi-monthly payroll [15th & 31st of the month] - Personnel Activity Reports are due by the 5th and 20th of the month.
2. The immediate supervisor shall submit all signed time and effort reports to the Payroll Coordinator.
3. The Payroll Coordinator review shall consist of the following
 - a. 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 charge
 - b. A test sampling of staff assignments, i.e. master schedule, duty schedule, etc. to verify the percentage of grant-related work per funding source
 - c. If the time and effort report reflects the same percentage, the report may be filed for audit

purposes d. If the time and effort report reflects a different percentage, the report shall be reconciled to reflect the correct payroll charges by grant funding source and forward the reconciliation to the Business Office for adjustment of the payroll charges on the general ledger.

The Business Office shall prepare a journal entry to reclassify the expenditures as noted on the reconciliation of the time and effort report(s). According to federal regulations, the final amount charged to each grant award must be accurate, allowable and properly allocated. The Business Office shall post all variances greater than 10% to the general ledger; 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.

In the event that the district determines that it is in its best interest to use the Time and Effort Substitute System, the Management Certification shall be completed, signed by the Executive Director of Schools and filed with TEA in accordance with the established deadlines. Extensive training of staff shall occur at the time the system is implemented to ensure that all grant-funded staff and the grants management and Business Offices are aware of the requirements of this system.

Non-Payroll Expenditures

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 purchasing policies and procedures. In addition to the normal purchasing process, all grant funds must be approved by the EDS or designee for each respective grant program, as appropriate.

The Director of Academic Services has additional approval authority for each federal grant.

TEA Guidelines Related to Specific Costs

The district shall adhere to TEA's Guidelines Related to Specific Costs as published to the TEA website. A copy of the guidelines shall be made available to all staff with authority to initiate and/or authorize a purchase or expenditure with federal grant funds. In addition, all staff with authority to initiate and/or authorize a purchase or expenditure, such as campus

bookkeepers, campus and department administrators, business office staff, and grant department staff shall receive a copy of the latest guidelines. The guidelines shall be incorporated in the annual training for all of these staff members. These guidelines shall be posted on the District's website as a resource when expending federal grant funds.

Local Guidelines Related to Unallowable Costs

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

Unallowable Costs

- Meals (during a Working Lunch or Professional Development) that exceed \$10 per person.
- Incentives & Awards

Contracts and Professional Services with Grant Funds

All contracts and professional services agreements shall be reviewed and approved in accordance with the district guidelines for all non-grant funds. For example, if School Board Policy requires that all contracts that exceed \$50,000 be approved by the Board of Directors all federal grant contracts that exceed \$50,000. The vendor shall complete the Vendor Application Package to include, at a minimum, the following documents:

- Vendor application
- W-9 Form for vendor identification and tax purposes
- Conflict of Interest Questionnaire
- Felony Conviction Notice
- HB 89
- SB 252
- 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

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

The Director of Academic Services and Director of Business Operations review shall consist of the following:

- 1) Consultant and/or contractor has not been suspended or debarred (contracts greater than \$25,000)
- 2) The contract and/or funds have been approved in the grant application, if specific approval is required from the granting agency
- 3) The contract's nature and scope of service is directly related to the federal grant award activities
- 4) The past pattern of costs, particularly in the years prior to federal awards
- 5) The contract does not contain any proposal costs [not allowable under federal regulations]
- 6) Whether the proposed contracted services can be performed more economically by direct employment rather than contracting
- 7) Capability of the proposed vendor to perform the required services
- 8) The qualifications of the contracting firm or individual and the customary fees charged by the proposed vendor [A Resume, Vita or Statement of Qualifications shall be required for all contracts with Independent Contractors.]
- 9) The contract and/or consultant agreement meets the allowable costs principles.
- 10) A contract subject to Davis Bacon has the appropriate contract language The contract and/or consultant agreement fee for services do not exceed any federal grant or local limits

The Business Office, Director of Business Operations, shall review and approve all contracts. The review shall consist of the district's Contract Review Checklist and any other requirements specific to the contract and/or federal grants.

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

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

principles.

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

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

Additional district contract provisions shall include:

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

Approval of Grant Purchases and Expenditures

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

The Director of Academic Services review shall consist of the following:

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

In an effort to meet all obligation and liquidation requirements of grant funds, the following purchase order deadlines shall be adhered to by all purchase order originators.

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

- 1) Invoice amount exceeds the purchase order by 10%
- 2) Payment of an invoice will be paid by an account code(s) other than the original account code(s) that were used to encumber the purchase order
- 3) Travel expenditures, if not encumbered through the purchase order system
- 4) Non-purchase order payment such as petty cash, credit card, direct invoice, reimbursement, etc.
- 5) Reclassification of a prior expenditure from one account code(s) to another

All Business Office staff (accounts payable staff) shall adhere to the Accounts Payable

Procedures for all check disbursements. Specifically, all checks issued by the district shall be verified, recorded, approved, issued and reconciled by multiple individuals to ensure segregation of duties.

Credit Card Purchases with Grant Funds

NOTE: The district shall not reimburse any purchases made with a non-district credit card, except for travel-related expenditures, as appropriate.

Fraudulent credit card purchases made with federal grant funds shall be grounds for disciplinary action, up to and including termination of employment. The appropriate legal authorities shall also be notified for criminal prosecution, as appropriate.

Petty Cash Purchases with Grant Funds

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

NOTE: The district shall reimburse any purchases made with a personal cash fund, except for travel related expenditures, as appropriate.

Travel Expenditures with Grant Funds (Students & Staff)

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, the State Texas-Travel Guidelines, School Board Policy and the district's travel guidelines. The allowable rates of reimbursement shall be the lesser of the federal rates or local rates. The travel-related expenditures with grant funds shall fall within the grant period, unless a specific exception is allowable by the granting agency.

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

- A completed Travel Authorization/Settlement form for all travel
- Registration fees - registration fees shall be allowable if the event is related to grant activities. Registration fees may be paid from the current grant period for an event during the next grant period **only if** there is an absolute deadline to register for the event. Early registration deadlines shall not apply. Recreational or social events subject to an

additional fee, above and beyond the registration fee, shall not be allowed with grant funds.

- Meals - meal expenses for overnight travel (in accordance with local travel guidelines) shall be allowed for district employees and students. Non-overnight travel meals expenses shall not be allowed. The district shall reimburse meal expenses, subject to the GSA limits, on an *accountable* per diem basis only. The traveler shall submit a written certification [Travel Authorization/Settlement Form] with the actual meal costs for work-related meals. The meal per diems shall be adjusted in accordance with IRS regulations regarding the day of departure/return and meals provided without cost as part of the registration fee.
- Lodging - lodging expenses for overnight travel (in accordance with local travel guidelines) shall be allowed. The district shall pay for lodging expenses up to the GSA limits. Receipts shall be required for all lodging expenses. Recreational or personal services such as gyms, spas, etc. shall not be allowed with grant funds.
- Transportation - transportation expenses shall be allowed for *reasonable* expenses such as flight, rental car, taxi, shuttle, mileage reimbursement, etc. (in accordance with local travel guidelines). Receipts shall be required for all transportation expenses to the extent that a receipt is available. Transportation expenses shall be reasonable and limited to the guidance in the cost principles. No grant funds shall be used for travel expenditures of non-district staff such as spouses. The district shall not allow any "family-friendly" travel expenditures, such as dependent care travel costs, with federal grant funds. The EDS or designee shall review and approve all travel-related expenditures paid with federal grant funds.

The Director of Academic Services review shall consist of the following:

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

Preparing Expenditure Reports & Draw Down of Funds

The district shall on at least a quarterly basis, or as allowed or required by the grant guidelines, draw down grant funds that have been spent in accordance with the grant guidelines. The drawdown shall be for all expenditures to date, less grant funds received to date, as verified by a financial general ledger. NOTE: The expenditures shall be net of all refunds, rebates, discounts, credits, and other adjustments, if any. In addition, the district may not draw down more cash than necessary to meet 3 days' cash needs if the district has opted to operate under the cash advancement program guidelines.

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

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

The drawdown of grant funds from the granting agency shall be initiated by the Business Office. A detailed summary general ledger of each grant fund should be generated to determine if the district is entitled to draw-down funds, i.e. if the granting agency owes the district any funds. If the district has funds available for draw-down, a detailed general ledger should be generated and forwarded to the EDS or designee for their review and approval. [NOTE: If the Director of Academic Services has real-time access to a detailed general ledger, they should be notified to generate and review the report.

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

The Director of Academic Services review shall consist of the following:

1. A review of the detailed general ledger for any unusual charges or reclassification 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 the grant funds are expended on a timely basis throughout the grant period. [NOTE: TEA may disallow grant fund expenditures that appear to be made outside of the grant period or so late in the grant period that the district and its students did not benefit from the delayed expenditure.] 4. Authorize [in writing] the Business Office to draw-down the available grant funds

Upon approval from the Director of Academic Services, the Business Office, shall prepare the paper or electronic drawdown request. The amount of the receivable shall be recorded on the general ledger and a copy of all supporting documentation such as the detailed general ledger, approval from the grant management department, and other supporting documentation shall be filed for audit purposes. The Accounting Clerk shall prepare the journal ledger entry and the Director of Business Operations shall post the to the finance general ledger.

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

The Business Office, Director of Business Operations, shall be responsible to ensure that the requested draw down amount does not exceed a grant-specific drawdown amount, or percentage.

[NOTE: The NCLB drawdown percentage is 20% per month and aggregates each month.]

The final draw-down of grant funds from the granting agency shall be made within the allowable time frame. The grant liquidation guidelines shall be adhered to in making final payment for all goods and services received and *placed into service* before the end of the grant period. The draw down process shall be the same as a monthly or periodic draw down, except that all refunds, rebates, credits, discounts or other adjustments to the general ledger must be recorded in the general ledger prior to submitting the final drawdown request.

[NOTE: There shall be no outstanding purchase orders or pending liquidations at the time of the final draw down of grant funds.] The final draw-down shall be reviewed and approved in the same manner as a periodic draw-down. Federal regulations (CFR 200.415) requires that the district certify the accuracy of the annual and fiscal reports or vouchers requesting payments be signed by the authorized individual(s). The Director of Academic Services and Business Office shall jointly certify every drawdown of funds, including the final expenditure report (drawdown of funds) as noted below:

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

If a final drawdown deadline is missed, the Business Office, Director of Business Operations, shall contact the granting agency to determine if a process exists to request a filing deadline extension.

[NOTE: TEA has developed procedures to request an extension for filing expenditure reports. The request form must be completed, signed by the Executive Director of Schools and filed with TEA within 30 days of the final expenditure report deadline.]

The receivable from the granting agency shall be recorded in the general ledger. The same process for preparation and posting of the general ledger entry as a periodic draw-down shall be adhered to.

[NOTE: The revenues realized and the expenditures should be equal at the time of the final draw down of grant funds.]

Receipt of Grant Funds Receipt of Grant Funds

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

The district shall record all grant fund receivables upon receipt from the granting agency. The receipt of grant funds shall be posted to the general ledger to the appropriate receivable account code. In the event that the grant funds received do not match the recorded receivable, the Business Office, shall contact the granting agency to determine the discrepancy. If the granting agency has reduced and/or increased the grant funds paid to the district, a general ledger adjustment shall be posted to the appropriate revenue and receivable accounts. The Accounting Clerk shall prepare the adjusting journal ledger entry and the Director of Business Operations shall post the entry to the finance general ledger.

The district will not maintain grant funds in a separate bank account.

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

Tracking and Recording Receivables

On at least a monthly basis, the Business Office, 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.

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 Accounting Clerk shall prepare the journal ledger entry and the Director of Business Operations shall post the entry to the finance general ledger.

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

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

Although the definition may change from statute to statute, supplement not supplant provisions basically require that grantees use state or local funds for all services required by state law, State Board of Education (SBOE) rule, or local policy and prohibit those funds from being diverted for other purposes when federal funds are available. 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, 2013]

The district process to ensure that all grant funded activities are supplemental shall be a collaborative effort between the EDS or designee and Business Office. Both departments

shall receive training and be aware of the supplement not supplant provisions.

The Director of Academic Services shall review and approve all purchase orders (and non-purchase order payments). The Director of Academic Services review shall include a determination if the planned purchase and/or expenditure meet one of the following guidelines:

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

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

902.82 Comparability

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

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

In completing the CAD and CCF, the Business Office and the Director of Academic Services, shall follow the process outlined below [and illustrated on the workflow]

1. Determine if the district is exempt from the comparability requirement. If so, complete and

submit CAD and stop here.

2. If not exempt, the comparability testing process should continue as noted below:

- a. List all campuses in the CCF comparability testing
- b. Identify all campuses on the CCF as Title I Part A, skipped, or non-Title I Part A
- c. Determine whether to include dedicated EE and/or PK campuses in the comparability testing
- d. Select test method 1, 2, or 3 and use it consistently to all campuses being tested
- e. 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 Executive Director of Schools for signature. f. Submit the CAD and CCF to TEA by the mid-November deadline. If TEA determines that the district is non-compliant, the Business Office and Director of Academic Services shall work collaboratively to address the non-compliance. In addition, the district shall adjust the budgets as appropriate until the district is in compliance with the comparability requirement.

902.83 Indirect Cost Grantees must have a current, approved federal indirect cost rate to charge indirect costs to the grant. The indirect cost rate is calculated using costs specified in the grantee's indirect cost plan. Those specified costs may not be charged as direct costs to the grant under any circumstances. [TEA Indirect Cost Handbook, 2014]

1. The district has applied for an Indirect Cost Rate extension through the pass-through entity (TEA) for a two-year period, from 2015 to 2017. After the extension period, the district shall apply for an indirect cost rate through the federal granting agency or pass-through entity (TEA) in accordance with the current regulations. The Director of Business Operations shall complete and submit an Indirect Cost Rate Proposal by the established deadline as specified by the pass-through entity (TEA) on the Indirect Cost webpage at: <http://tea.texas.gov/index4.aspx?id=3842>

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

The district's Indirect Cost Rate, or the maximum allowable rate, whichever is less shall be used to post Indirect Costs for federal funds to the General Fund. The Business Office, shall prepare a general ledger entry for the indirect costs. The Director of Business Operations

shall post the entry to the finance general ledger.

902.84 Maintenance of Effort

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

NCLB MOE

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

The Business Office, shall compute the MOE using the TEA NCLB LEA MOE Determination Calculation Tool during the budget adopted process and at the end of the fiscal year.

Non-compliance with NCLB MOE will result in a reduction of NCLB funds in the exact proportion by which the district fails to meet the MOE requirement; therefore, the Business Office shall plan for the reduction of grant funds at the local level. If the NCLB MOE falls below the required level, the finance and grant management departments shall collaborate to develop a plan to bring the district into compliance with the MOE requirements.

IDEA-B MOE

An LEA that accepts IDEA-B funds is required under IDEA-B to expend, for services to students with disabilities, at least an amount equal to 100% of the state and/or local funds it expended on students with disabilities during the previous year. Federal law provides four methods of demonstrating compliance (or "maintaining effort"), as described in the Methods of Determining Compliance section. [TEA IDEA-B MOE Guidance Handbook, 2014]

The Business Office, shall compute the MOE using the TEA IDEA-B LEA MOE Calculation Tool during the budget adopted process and at the end of the fiscal year. Non-compliance with IDEA-B MOE will result in a reduction of IDEA-B funds in the exact proportion by which the

district fails to meet the MOE requirement; therefore, the Business Office shall plan for the reduction of grant funds at the local level. If the IDEA-B MOE falls below the required level, the finance and grant management departments shall collaborate to develop a plan to bring the district into compliance with the MOE requirements.

NOTE: The Business Office shall code all special education expenditures that qualify as exceptions to a specific sub-object for tracking purposes. For example, if the district makes a long term purchase of equipment for a special education student, the district should track that expense separately to apply that cost as an exception during the MOE calculation.

As part of the IDEA-B grant application process, the Director of Academic Services will need to know the prior year Special Education expenditures and the next fiscal year budgeted Special Education Expenditures. The Business Office shall provide these amounts to the Director of Academic Services to ensure that the most accurate amounts are reflected in the grant application. Changes to these amounts, as they are known, by the Business Office, shall be submitted to the EDS or designee, as appropriate.

902.85 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 due, responsible person(s), and due date. Completion of the reports may require the collaboration of several departments; however, the ultimate responsibility for the reporting requirement shall be as noted below:

1. Programmatic reports such as activity, progress and evaluations -EDS or designed
2. Expenditure reports such as interim, draw down and final expenditure reports - Business Office
3. Compliance reports such as Comparability, Maintenance of Effort, Indirect Cost, etc. - Business Office
4. Highly Qualified Staff reports - Human Resources department The Executive Director of Schools shall monitor the overall master list to ensure that all reporting requirements have been completed by the appropriate campus and/or department.

902.86 Grant Monitoring and Accountability

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

- Compliance with federal requirements such as cost principles, audit, reporting requirements, etc.
- Monitoring of grant expenditures are properly documented and meet all allowable costs
- Monitor grant performance such as internal controls, audit findings, over/under expenditures, etc.
- Implement strategies to deter, mitigate and eliminate waste and fraud in the expenditure of grant funds

The Director of Academic Services shall be responsible for the programmatic and evaluation compliance and the Director of Business Operations shall be responsible for the financial compliance.

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

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

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

Auditing findings or deficiencies shall be addressed in a timely manner upon receipt of the notification. The Director of Academic Services, Business Office and Human Resources staff shall work collaboratively to develop and implement a Corrective Action Plan to resolve the findings or deficiencies. The Executive Director of Schools, or designee, shall approve the Corrective Action Plan and monitor the timely implementation of corrective strategies.

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

be implemented to remedy the loss of grant funds due to fraud.

Remedies for Non-Compliance

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

Grant Closeout Procedures

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

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