In accordance with Board Policy BP (Local), the Superintendent and administrative staff shall be responsible for developing and enforcing procedures for the operation of the District. These procedures shall constitute the administrative regulations of the District.

The Superintendent or designee shall ensure that administrative regulations are kept up to date and are consistent with Board policy. The Superintendent or designee shall resolve any discrepancies among conflicting administrative regulations. In case of conflict between administrative regulations and policy, policy shall prevail.

Administrative regulations are subject to Board review but shall not be adopted by the Board. The Superintendent shall review and approve all procedures, handbooks and manuals.

School Year: 2021-2022

Revision Date: July 2021

Matthew Abbott
Superintendent’s Printed Name
Matthew Abbott
Superintendent’s Signature
August 3, 2021
Date
<table>
<thead>
<tr>
<th>E. Accounting Records</th>
<th>38</th>
</tr>
</thead>
<tbody>
<tr>
<td>F. Expending Grant Funds</td>
<td>41</td>
</tr>
<tr>
<td>Direct and Indirect Costs</td>
<td>42</td>
</tr>
<tr>
<td>Indirect Cost Rate</td>
<td>43</td>
</tr>
<tr>
<td>Determining Allowability of Costs</td>
<td>44</td>
</tr>
<tr>
<td>Factors Affecting Allowability of Costs</td>
<td>44</td>
</tr>
<tr>
<td>Requesting Prior Written Approval</td>
<td>47</td>
</tr>
<tr>
<td>Selected Items of Cost – 2 CFR Part 200, Subpart E</td>
<td>48</td>
</tr>
<tr>
<td>Costs That Require Special Attention</td>
<td>53</td>
</tr>
<tr>
<td>Travel</td>
<td>54</td>
</tr>
<tr>
<td>Advertising and Public Relations Costs</td>
<td>59</td>
</tr>
<tr>
<td>Hosting Meetings and Conferences</td>
<td>59</td>
</tr>
<tr>
<td>Entertainment Costs and Field Trips</td>
<td>61</td>
</tr>
<tr>
<td>Use of Federal Funds for Religion Prohibited</td>
<td>61</td>
</tr>
<tr>
<td>Use of Federal Funds for Construction or Major Remodeling and Renovation</td>
<td>61</td>
</tr>
<tr>
<td>Use of Federal Funds Benefitting Students and Teachers in Private Schools</td>
<td>62</td>
</tr>
<tr>
<td>G. Reporting Expenditures</td>
<td>64</td>
</tr>
<tr>
<td>TEA Grants</td>
<td>64</td>
</tr>
<tr>
<td>Refunds Due to TEA</td>
<td>66</td>
</tr>
<tr>
<td>Grants from Other Awarding Agencies</td>
<td>66</td>
</tr>
<tr>
<td>H. Federal Cash Management Policy/Procedures</td>
<td>66</td>
</tr>
<tr>
<td>Advance Method</td>
<td>67</td>
</tr>
<tr>
<td>Interest Earned on Advances</td>
<td>68</td>
</tr>
<tr>
<td>Excess Cash on Hand</td>
<td>69</td>
</tr>
<tr>
<td>Reimbursement Method</td>
<td>69</td>
</tr>
<tr>
<td>Noncompliance with Cash Management Requirements</td>
<td>69</td>
</tr>
<tr>
<td>I. Program Income</td>
<td>70</td>
</tr>
<tr>
<td>Definition</td>
<td>70</td>
</tr>
</tbody>
</table>
IV. PROCUREMENT SYSTEM

A. Purchase Orders 72
B. Purchase Requisitions 72
C. Approval Levels 73
D. Vendor Payment 73
E. Invoices 73
F. General Purchase Order Procedures 74
G. Conflict of Interest Requirements 75
   Standards of Conduct 75
   Organizational Conflicts 80
   Disciplinary Actions 80
   Mandatory Disclosure 80
H. Full and Open Competition 81
   Bid Specifications 81
   Geographical Preferences Prohibited 82
   Contracting with Small and Minority Businesses 83
   Prequalified Lists 83
   Solicitation Language 83
I. Federal Procurement System Standards 84
   Avoiding Acquisition of Unnecessary or Duplicative Items 84
   Use of Intergovernmental Agreements 85
   Domestic Preferences for Procurements 85
   Use of Federal Excess and Surplus Property and Procurement of Recovered Materials 85
   Awarding Contracts to Responsible Contractors 86
   Prohibition on Certain Telecommunications & Video Surveillance Services or Equipment 88
   Contract Provisions 89
   Maintenance of Procurement Records 90
   Time and Materials Contracts 91
   Settlements of Issues Arising Out of Procurements 92
Protest Procedures to Resolve Disputes

J. Responsibility for Purchasing
   Procurement Standards/Expenditure of Grant Funds
   The Purchasing Prime Directives
   General Guidelines

K. Purchase Methods When Using Federal Funds
   State Requirements Related to Purchasing Methods
   Professional and Consulting Services
   Allowable Professional Service Costs
   Purchasing Goods or Services with Federal Funds
   Five Methods for Procuring with Federal Funds
   Micro-Purchases (Purchases up to $10,000)
   Small Purchase Procedures (Purchases between $10,001 & $49,999 in the Aggregate)
   Purchases $50,000 or More in the Aggregate
   Cost/Price Analysis for Federal Procurements in Excess of $250,000

L. Purchase Cards (District-Issued Debit Cards/Pro Cards)
   Documentation Associated with Using District Debit/Credit

M. Contract Administration
   Documentation for Contracts
   Payment Only After Services Are Performed
   Verification of Receipt of Goods and Services Provided by Contractors
   General Purchase Order Procedures
   Prompt Payment to Vendors/Contractors

N. Submission of Procurement System

V. PROPERTY MANAGEMENT SYSTEMS
   A. Property Classifications
   B. Inventory Procedure
   C. Inventory Records
   D. Physical Inventory
E. Equipment Insurance and Maintenance of Equipment 113
F. Lost or Stolen Items 114
G. Use of Equipment 115
H. Disposal of Equipment and Supplies 116
   Equipment 116
   Supplies 117

VI. WRITTEN COMPENSATION POLICIES 117
   Allowable Compensation 117
   Reasonable Compensation 118
   Professional Activities Outside the District 118
   Job Descriptions 119
A. Documentation of Personnel Expenses 120
   Standards for Documentation of Personnel Expenses 120
   Time and Effort Procedures 120
   Semi-Annual Certification 122
   Ed-Flex Programs in Texas 125
   Time and Effort (i.e., Personnel Activity Reports) 126
   Substitute Systems in Lieu of Time-and-Effort Reports 127
   TEA Substitute System of Federal Time-and-Effort Reporting for Employees Supported by Multiple Cost Objectives 127
   Daily Class Schedules 127
   Reconciliation and Closeout Procedures 128
   Employee Exits 129

VII. HUMAN RESOURCES POLICIES 129

VIII. RECORD KEEPING 130
   A. Record Retention 130
   B. Records That Must Be Maintained 132
   C. Collection and Transmission of Records 133
   D. Access to Records 135
E. Privacy

IX. MONITORING

A. Self-Monitoring
B. TEA Monitoring
   Risk Assessment
   Special Conditions
   Identification as a High-Risk Grantee
   Monitoring
   Remedies for Noncompliance
C. Sub-recipient Monitoring

X. AUDITS

A. Annual Independent Audit
B. Single Audit
   Who Is Required to Have a Single Audit?
   What Happens During a Single Audit?
C. Audits & Special Investigations Conducted by TEA or Another Regulatory Agency
   District Procedures for Reporting Fraud, Waste, or Abuse

XI. PROGRAMMATIC FISCAL REQUIREMENTS

A. Supplement, Not Supplant
   What Does Supplement, Not Supplant Mean?
   Rebutting the Presumption of Supplanting
   Supplement, Not Supplant on School-wide Programs
   How to Document Compliance for an Auditor
   Procedures for Complying with Supplement, Not Supplant
B. Maintenance of Effort (MOE)
   Expenditures Included in the Determination of MOE
   Expenditures Excluded from the Determination of MOE
   “Preceding Fiscal Year” Defined
   Failure to Meet MOE
Procedures for Complying with MOE 152
C. Comparability of Services 153

XII. PROGRAMMATIC REQUIREMENTS 154
A. Private Nonprofit School Participation 154
B. Equitable Access and Participation 154
C. Civil Rights and Prohibition of Discrimination 155
D. Program Reporting 155

XIII. LEGAL AUTHORITIES AND HELPFUL RESOURCES 156

XIV. APPENDIX 157
Appendix 1 – Organization Chart of the District 158
Appendix 2 – Conflict of Interest Policy/Form 159-160
Appendix 3-Expense/Travel Report Form 161
Appendix 4-Purchasing with Federal Funds Quick Reference & Checklist 162-164
Appendix 5-Time and Effort Checklist 165
Appendix 6-Requisition/Purchase Order Form 166
Appendix 7 -Commodity Codes Used to Track Aggregate Totals of "Like-Type" Purchases 167-168
INTRODUCTION

A. Purpose

This manual sets forth the policies and procedures used by Wayside Schools to administer federal funds pursuant to Title 2 of the Code of Federal Regulations (2 CFR) Part 200, which took effect for non-federal entities on December 26, 2014. It also includes requirements and references from the federal regulations in EDGAR (Education Department General Administrative Regulations) as well as certain policies and laws pertaining specifically to Texas school districts.

The manual contains the internal controls and grant management standards used by the District to ensure that all federal funds are lawfully expended. It describes in detail or references the District’s financial management system, including cash management procedures; procurement policies; inventory management protocols; procedures for determining the allowably of federal expenditures; time-and-effort reporting; record retention; and monitoring responsibilities. All employees of the District who deal with federal funds in any capacity are expected to review this manual to gain familiarity and understanding of the District’s rules and practices and to comply with all requirements.

B. Adoption and Review of Procedures

These procedures were initially reviewed and approved by the Board of Directors. The Superintendent or The Chief Financial Officer 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, without additional Board review or approval. Additionally, the Superintendent or the CFO has the authority to approve updates and revisions to these procedures, as necessary for the efficient management and operations of Wayside Schools, without additional Board review or approval.

C. Effective Date

For awards made on or after December 26, 2014, the uniform grant guidance in 2 CFR Part 200 applies. Much of the substance found in the previous 34 CFR Parts 74 and 80 is now found in 2 CFR Part 200.

Revisions to guidance were issued by the OMB in 2020 and were effective for grants awarded after November 12, 2020 except for the amendments to 200.216 and 200.340 which were effective on August 13, 2020.

For existing multi-year discretionary grants administered by TEA or by another awarding agency where the initial grant period began before July 1, 2015, the policies and
procedures that were previously in effect remain in effect for the duration of that multi-year project period unless significant changes are made to the program. In that case, the policies and procedures in this document are in effect beginning with the year that significant changes were in effect.

In all cases, the Notice of Grant Award (NOGA) from TEA or the Grant Award Notification (GAN) from another awarding agency will specify which set of rules is in effect for that particular grant. If the grant award specifies that grantees must comply with 2 CFR Part 200 or with the requirements in EDGAR, then the policies and procedures contained in this manual must be followed.

Special Note: The District must maintain all policies and procedures that previously applied to federal grants for seven years after the starting date of those grants for audit and monitoring purposes. The previously-used policies and procedures are in effect for any grants that were awarded prior to August 13, 2020.

D. Scope

The policies and procedures contained within this manual apply to all federal grants received by the District and to all employees of the District.

E. Monitoring for Compliance and Consequences for Non-compliance

The District is responsible for complying with all requirements of each federal award (2 CFR 200.300[b]). Compliance with these policies and procedures is monitored by the District. Failure of a district employee to comply with any of these requirements may result in disciplinary action, up to and including termination.

F. Definitions

Definitions as they pertain to federal grants appear in two places: 34 CFR Part 77 - Definitions That Apply to Department Regulations, and 2 CFR Part 200.1, which relate to the policies and procedures in this document. District employees who deal with federal grants must be familiar with the definitions in both.

Two terms used frequently in 2 CFR Part 200 are “state-administered grants” and “direct grants.” “State-administered grants” are those grants that pass through a state agency (i.e., a pass-through agency) such as TEA. The majority of grants the District receives are state-administered grants. Both TEA and the sub-grantees must comply with the requirements in 34 CFR Part 76 in addition to the requirements in 2 CFR Part 200.

“Direct grants” are those grants that do not pass through another agency such as TEA and are awarded directly by the federal awarding agency to the grantee organization.
These are usually discretionary grants that are awarded by the U.S. Department of Education (USDE) or by another federal awarding agency. In many instances, TEA may apply for a direct grant from the USDE on a competitive basis and then award subgrants. Or the District may apply directly from the USDE for a competitive grant. In either case, these grants are “direct grants,” and the District must comply with the requirements in 34 CFR Part 75 in addition to the requirements in 2 CFR Part 200.

All of the requirements outlined in these policies and procedures apply to both direct grants and state-administered grants.

The federal provisions contained and referenced in this document apply to all non-federal entities receiving and expending federal funds. A “non-federal entity” as defined in 2 CFR Part 200 means, “a state, local government, Indian tribe, institution of higher education (IHE), or nonprofit organization that carries out a federal award as a recipient or sub-recipient.” Thus, for the purposes of these federal grant policies and procedures, a “non-federal entity” means a school district, open- enrollment charter school, or regional education service center (ESC).

G. Organization of District

The Charter School is organized into the following departments and divisions:

The Charter School is organized with a Superintendent/ Federal Programs Officer/ Executive Director, Principal and Academic Director. The Superintendent oversees the Business Office and the Payroll Department. The Federal Programs Officer/ Executive Director oversee all federal programs and grants. Please see Appendix 1, Organization Chart of the District, for additional information.

II. FEDERAL GRANT APPLICATION PROCESS

A. TEA Grants

The majority of federal grants the District applies for and receives are formula grants administered by TEA (i.e., state-administered grants). The District may also apply for and receive discretionary grants from TEA or directly from the USDE or another federal awarding agency. The policies and procedures outlined in this document apply to all federal formula and discretionary grants, regardless of the awarding agency. Federal agencies that award direct grants may impose requirements or conditions that are not addressed herein and that may result in the need to create additional policies and/or procedures to comply with those requirements.
Refer to TEA’s Grant Process for a description of their process for administering state and federal formula and discretionary grants. Also refer to TEA’s description of Applying for a Grant for information on allocations, notices of grant funding opportunities, and the competitive review process.

Request for Application (RFA)

TEA publishes a Request for Application (RFA) for each grant (formula and discretionary) and posts all grants on the TEA Grant Opportunities page. Some grants are available only in eGrants, while others are available only in paper. Applicants for eGrants must be approved for access to TEA Secure Applications (TEAL) before applying for an eGrants. Each District staff member who wishes to access the application must ensure they are approved for access to eGrants in sufficient time to allow timely access to the electronic application.

The process an applicant must follow to apply for funds is different for eGrants than for paper applications. Applicants can find detailed information about individual grants by selecting a grant from the Application Name dropdown list on the TEA Grant Opportunities page. For each individual grant available, the following information is displayed:

- **Program Information**: Briefly describes the program purpose and lists eligible applicants and eligibility criteria
- **Eligibility**: Describes organizations that are eligible to apply for the grant
- **Statutory Authority**: Cites the legislation that authorizes the grant
- **Funding Information**: Provides the start and ending date of the grant, whether it is state or federal, and the total amount that will be awarded
- **Application and Support Information**: Lists links to components of the Request for Application (RFA) such as the General and Fiscal Guidelines, Program Guidelines, Application, and any other pertinent grant materials, such as the announcement letter and any issued errata notices
- **Critical Events**: Lists all deadlines associated with the grant, including the application due date, amendment due date, and fiscal and programmatic reporting due dates
- **Contact Information**: Lists the TEA program and fiscal contacts. The TEA Program Contact can provide information about eligibility, program purpose or description, or allowable uses of funds. The TEA Funding Contact can answer questions about the grant application, including allocation and amendment questions.

Each RFA published by TEA includes the General and Fiscal Guidelines that apply to all federal and state grants, the Program Guidelines (that apply to a specific grant program), and the General Provisions and Assurances that apply to all grants administered by TEA. District employees who manage the program or fiscal aspects of any TEA grant should consult the General and Fiscal Guidelines regularly and frequently, as they may change or be updated periodically.
All employees who deal with federal grants must also carefully review and be familiar with all Provisions and Assurances, as applicable:

- **General Provisions and Assurances**: Required for every TEA grant agreement
- **Debarment and Suspension**: Required for all federal grants, regardless of dollar amount
- **Lobbying Certification**: Required for all federal grants greater than $100,000
- **Every Student Succeeds (ESSA)**: Required for all programs funded under the Elementary and Secondary Education Act of 1965, as amended by Public Law 114-95, Every Student Succeeds Act (ESSA)

The RFA also includes the grant application (i.e., Standard Application System, or SAS) and the instructions for completing the SAS schedules (i.e., forms). Program managers preparing grant applications should carefully review all contents of the RFA package prior to planning and developing a grant application to ensure all requirements are met and the application is completed correctly. Some applications require advance coordination among district staff and/or among other entities such as local businesses, community organizations, or institutions of higher education (IHEs, i.e., colleges and universities).

**Submitting Complete Applications on Time**

It is equally important that federal grant applications be prepared and submitted on time. For formula grants administered by TEA that usually begin July 1, the District cannot obligate funds and begin grant activities until the District submits the application to TEA in substantially approvable form. In order to prevent unnecessary delays in program implementation and the provision of services to students, it is the policy of the District that all formula grant applications will be submitted as soon as possible but no later than July 1 unless a later grant beginning date is published by TEA. TEA will process the applications in the order received.

For competitive discretionary grants, it is the policy of the District that those applications be submitted in sufficient time for TEA to receive the application by the established deadline date and time specified in the competitive RFA. Failure for TEA to receive the application by the specified deadline date and time will render the application ineligible for consideration for review and scoring and for funding. In addition, all required forms must be completed in accordance with the instructions in the RFA in order to be eligible for consideration for funding. The program manager assigned to the grant is responsible for ensuring the application is completed accurately and submitted on time to TEA.

**Authorized Official**
The person signing/certifying the application must be an authorized official of the District (usually the Superintendent) who will represent the District in the event of a legal dispute. By signing/certifying the application, the authorized official is certifying that he or she will comply with the terms and conditions of the grant, all applicable provisions and assurances, and the approved application. The signed/certified application submitted to TEA, and the NOGA issued by TEA, together constitute a legally binding contractual agreement between the District and TEA. Campus principals do not have the authority to submit a grant application.

District program staff, fiscal staff, and management are responsible for knowing all requirements and for complying with them. It is the policy of the District that the grant program described in the application is carried out in compliance with applicable statutes, regulations, rules, and guidelines, and in accordance with the approved application to achieve maximum efficiency and effectiveness with the goal of providing an integrated, coordinated delivery of services for students. Grant funds will be obligated, expended, and accounted for in an environment based on ethical principles and sound business practices.

The District program manager assigned to the grant program is responsible and held accountable for knowing the program requirements, fiscal requirements, and reporting requirements. In addition to the policies and procedures outlined in this manual, the program manager may be required to develop additional policies and procedures in order to comply with the specific requirements that may apply to a particular grant program. Any such additional policies and procedures must be used in conjunction with the policies and procedures outlined in this manual.

TEA monitors federal grants for compliance with fiscal and program requirements. In addition, the District’s independent auditor is required to determine compliance with certain requirements during the annual independent audit. Failure to comply with applicable statutes, regulations, rules, and guidelines or to implement the grant program in accordance with the approved application could result in the District being identified as a high-risk grantee and having corrective actions or additional sanctions imposed by TEA or other awarding agency; the repayment of federal dollars as a result of monitoring or audit findings; or termination of the grant. Refer to TEA’s Corrective Actions Related to Federal Grants for more information related to potential actions for noncompliance.

**B. Other Federal Grants**

The assigned program manager is responsible for monitoring grant opportunities that may be available from agencies other than TEA. Approval from the Superintendent to pursue the grant opportunity must be obtained in advance of completing and submitting the application. An authorized official of the District (as previously described) must sign/certify the application prior to submittal.
Opportunities for other federal grants passed through other state agencies might be published in the Texas Register in the “IN ADDITION” section. Opportunities for federal grants available directly from the USDE or from another federal awarding agency are published in https://www.grants.gov/.

III. FINANCIAL MANAGEMENT SYSTEM

A. Overview

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

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

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

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

Texas Law and Rule

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

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

FASRG currently consists of the following 6 modules:

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

B. Financial Management Standards

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

- the preparation of reports required by general and program-specific terms and conditions; and
- the tracing of funds to a level of expenditures adequate to establish that funds have been used according to the federal statutes, regulations, and the terms and conditions of the federal award.

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

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

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

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

Additionally, 34 CFR § 76.760(b) authorizes grantees to use more than one program to support an activity if the grantee has an accounting system that permits the identification of costs paid for under each program. The fund accounting system in FAR accommodates this requirement.

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

Upon receipt of the NOGA, the approved budget is made available to the campus and/or central departments. The approved budget is submitted to the Superintendent by the Business Manager. The Superintendent reviews the NOGA and budget for accuracy.
1. **Identification of All Federal Awards**

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

Upon receipt of the NOGA, the Federal Programs Officer/Executive Director and Business Manager meet to discuss budget options and availability of funds. The Business Manager is responsible for ensuring the required information is entered into the general ledger after the meeting.

Every quarter, the Federal Programs Officer/Executive Director and Business Manager, shall review the status of each federal grant fund. The review shall include a comparison of budget to expenditures.

2. **Financial Reporting**

Accountability is the paramount objective of financial reporting. Accurate, current, and complete disclosure of the financial results of each federal award or program is made in accordance with the financial reporting requirements set forth in 2 CFR § 200.327 - .328 and in EDGAR. The District collects and reports financial information with the frequency required in the terms and conditions of the award and monitors its activities under federal awards to assure compliance with applicable federal requirements.

Wayside processes and procedures are defined to ensure effective information and communication. This manual and *Finance Procedural Manual* communicate basic information for grant applications, implementation, and management. Timely budget and expenditure reports are provided electronically to the Business Manager. Reconciliations and reviews are implemented to ensure report accuracy. The Business Manager is responsible for communicating any improprieties to the Federal Programs Officer/Executive Director. The Federal Programs Officer/Executive Director is responsible for appropriate action to correct noncompliant activities or expenditures. The Federal Programs Officer/Executive Director is responsible for reviewing purchase requisitions for compliance.

The Charter District ensures the adequate separation of duties for program performance, program review, and program accounting. Current activities include periodic budget and
expenditure report reviews with accounting managers.

The District’s financial management system, WebSmart by JR3, shall be utilized to expend and track all federal grant expenditures. The Expenditure Budget Report within JR3 is used to prepare expenditure reports (draw down requests) submitted to TEA. 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.

3. **Accounting Records**

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

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

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

Budget development for grant applications follows a standardized budget code structure. For a full explanation of the budget code structure refer to the Wayside Finance Procedural Manual. A budget line code consists of a series of nine categories and a total of 20 digits.

In order to procure goods or services, a requisition must be completed at the campus or departmental level through the Websmart JR3 accounting system, approved by the campus principal, and sent to the Business Office for processing. After the Principal approved the requisition, it is sent to the Federal Programs Officer/ Executive Director for approval. The Federal Programs Officer/ Executive Director is responsible for checking the purchase to make sure it is reasonable, necessary, allowable, and allocable to federal funds. If the purchase is approved, it is sent to the Finance Office for final approval. Once all required approval levels are complete, the requisition will be converted to a purchase order and funds are encumbered. Requisitions should reach the Business Office at least 10 days prior to the date the purchase order is needed.
The requisitions must be complete and include all necessary information in order for the Business Office to process and convert to a purchase order. Incomplete forms may result in delays for the staff member desiring to make a purchase.

Periodic budget and expenditure report reviews conducted by the Superintendent and Federal Programs Officer/Executive Director address program implementation progress and identify risks of non-compliance.

4. **Internal Controls**

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

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

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

In accordance with 2 CFR § 200.61, “internal controls” means a process implemented by the District to provide reasonable assurance regarding the achievement of objectives in the following categories:

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

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

- Transactions are properly recorded and accounted for in order to:
  - Permit the preparation of reliable financial statements and federal reports.
  - Maintain accountability over assets.
  - Demonstrate compliance with statutes, regulations, and the terms and conditions of the award.

- Transactions are executed in compliance with:
  - Laws, regulations, and the terms and conditions of the award that could have a direct and material effect on a federal program
  - Any other statutes and regulations that are identified in the Audit Compliance Supplement

To accomplish these objectives, the District:

- develops and maintains policies, procedures, and effective practices to ensure federal funds are properly administered and spent and federal property is safeguarded against loss and from unauthorized use or disposition. The Charter District also ensures all employees who deal with federal funds are aware of the policies and procedures and are properly trained in the use of them. The Federal Programs Officer/Executive Director and Business Manager are responsible for staying up to date on all changes in federal funding rules and regulations. The Federal Programs Officer/Executive Director and Business Manager are responsible for identifying which policies and procedures need to be developed and maintained. The Business Manager will work with the Superintendent to conduct an annual review and update policies and procedures as needed. The Federal Programs Officer/Executive Director will conduct annual training for employees who deal with federal funds.

- ensures employees comply by regularly and frequently evaluating and monitoring their compliance with the policies and procedures, statutes, regulations, and the terms and conditions of the award. Periodic budget and expenditure report reviews, conducted by the Business Manager, address program implementation progress and identify risks to compliance.

- takes prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings, and taking the appropriate disciplinary action for employees who do not comply, and

- takes reasonable measures to safeguard protected personally identifiable information and other information designated as sensitive consistent with applicable federal, state, and local laws regarding privacy and obligations of confidentiality. The Charter District includes a section on student confidentiality in all contracts with vendors who have access to student, parent, and teacher information. All vendors are made aware that unmasked student information cannot appear on invoices. All student information is maintained on password protected databases.
The Charter District uses the following, at least in part, to determine if internal controls are effective:

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

Program monitoring is in place for campuses and departments receiving grant funds. Periodic budget and expenditure report reviews address program implementation progress and identify risks to compliance. These reviews may also identify the need for an amendment. Central program managers meet with program and financial auditors as required. Corrective actions are taken as identified.

5. **Budget Control**

The budget for each federal award is recorded in the general ledger in accordance with FAR using the designated 3-digit fund code. Obligations/encumbrances and expenditures are also recorded in the general ledger for each federal award. On a regular basis, the District compares actual expenditures or outlays with budgeted amounts for each federal award. Upon receipt of the NOGA, the approved budget is loaded into the Charter District financial system and available to the campus and/or central departments. The approved budget is submitted to the Superintendent by the Business Manager. The Superintendent reviews the NOGA and budget for accuracy. After the budget is entered into the Websmart JR3 system, the funds are ready to encumber. All encumbrances, expenditures, and obligations of funds for any program must occur on or after the effective date of the application (the date the application was received in the respective grantor division, or the first day of the grant availability period, whichever is later) and within the grant beginning and ending dates listed on the NOGA issued by the grantor agency.

When the purchase order request is received by the Business Manager, the expenditure is checked against the proposed budget. The purchase order request is approved and sent to the Business Office for processing if funds are available for the purchase. The JR3 system does not allow the campus personnel to overspend a funding category. The campus personnel must contact the Federal Programs Officer/Executive Director to request an amendment to the budget. If the amendment is approved, the budget is committed to the Business Manager to be entered into the JR3 system. After the budget has been updated in the system and the funding category has adequate funds to cover the encumbrance, then the system will allow the campus to submit the purchase order.
request. Most federal grants allow for a small variance in the budget; if the updated budget exceeds the allowable variance, then a grant amendment is required prior to approving the budget amendment and expenditure. The Federal Programs Officer/ Executive Director is required to submit all grant amendments to the TEA when required by grant terms.

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

Federal grant funds shall be budgeted and available for use no later than 10 days/months after receipt of the NOGA or from the stamp-in date.

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

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

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

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

6. **Cash Management**

The District maintains written procedures to implement the cash management requirements found in 2 CFR § 200.305 and in EDGAR.

Please see II. Financial Management System, H. Federal Cash Management Policy/Procedures of this document for these written cash management procedures.
7. **Allowable Costs**

The District maintains written procedures for determining *allowability* of costs in accordance with 2 CFR § 200.302(b)(7) and EDGAR.

Please see *II. Financial Management System, F. Expending Grant Funds* of this document for the written procedures for determining allowability of costs.

**C. Budgeting Grant Funds**

**Budgeting - The Planning Phase: Meetings & Discussions**

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

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

If the grant program will be implemented on a Title I school-wide campus, the planned activities and expenditures must be identified in the school-wide plan. Conducting activities and expending funds that are not included in the Campus Improvement Plan could result in an audit exception or monitoring finding for the District. Therefore, the Federal Programs Officer/Executive Director is responsible for coordinating with the Title I program director and for ensuring the activities and anticipated expenditures are described in the Campus Improvement Plan.
Early revenue projections are made with prior year funding allotments. The revenue amount is updated at the time the current year’s allotment is posted. In the summer, when the new grant application becomes available, the Federal Programs Officer/Executive Director meets with the Academic Directors and Principals to discuss the results of the Comprehensive Needs Assessment. The meeting also includes a discussion regarding the Campus Improvement Plan. The group reviews the previous year’s expenditures and payroll. The discussion also includes changes that must be made to the program for the coming year. The budget is created based on the needs for the coming year, along with federal requirements for reserved funds for professional development, homeless, and parental involvement. The budget is reviewed by the Superintendent and Business Manage to make sure it covers the projected payroll for the coming year. All fund codes and object codes are discussed prior to submission of the grant application.

A Comprehensive Needs Assessment (CNA) is required of all schools to ensure that the Campus Improvement Plan is based on careful review of the needs of the individual campus. The same process is then utilized for the development of the District Improvement Plan. Federal and state statutes require site based decision making (Campus Advisory Team) that shows a documented review of campus data by a team of teachers, administrators and parents. Members of the CAT Committee, with ad hoc members as necessary, serve as the CNA Committee. Applications for competitive grants or state and federal entitlement funds must reflect the input of the CNA. The CNA process is continuous and should be revisited throughout the school year. The Charter School requires a preliminary CNA near the end of each school year prior to the submission dates for the applications for state and federal funds and another CNA review at the beginning of each school year when newer student data is available to drive the implementation of the program activities.

Campuses must also review the CNA data prior to the development and submission of a competitive grant application to document the need for the funds. Training and technical assistance are provided by the district on the CNA process and required documentation.

Documented results of the CNA process drive the development of the Campus Improvement Plans (CIPs) and the District Improvement Plan (DIP). Campuses or departments utilizing private, state or federal funds must document in the CIP the program activities to be implemented with these funds. Expenditures cannot be approved unless the activity is clearly noted in the CIP.

The district reviews existing unused equipment or supplies in storage to determine if they could benefit the program being planned prior to making purchases with federal funds. The district also takes into consideration technology equipment such as computers that are
already available and in good condition that could be used in the program being planned.

The district reviews the CNA and the CIP to determine what items (i.e., goods and services) should be included in the budget. The Federal Programs Officer/Executive Director works with the Sr. Directors to ensure budgeted costs are allowable under the federal cost principles, are an appropriate use of funds for the specific grant program, and are an allowable use of federal funds. Refer to section E: Expending Grant Funds for more information about the different kinds of costs (i.e., indirect vs. direct costs), determining allowability of costs, selected items of cost (outlined in the federal cost principles), and costs that require special attention. If the schools request items of cost that require specific or prior approval, the Federal Programs Officer/Executive Director will submit the grant application with these items specifically identified and listed in the application. The Federal Programs Officer/Executive Director will prepare documentation to submit to TEA during the negotiation process to justify the request for these items. Once a NOGA is awarded, then the campus will be allowed to purchase the requested items.

**Reviewing and Approving the Budget Prior to Submitting the Application:**

By August, the Federal Programs Officer/Executive Director reviews the items in the proposed budget to ensure budgeted items are listed in the correct class/object code according to FAR and to ensure the items are allowable. The budget is also reviewed to ensure that any costs requiring specific or prior approval are specifically identified and listed. See II. Financial Management System, E. Expending Grant Funds, for a discussion on performing allowability determinations. If the Federal Programs Officer/Executive Director and Business Manager determines that a cost is not allowable, then the campus making the request in contacted. The campus is instructed to revise the requested budget, and remove the unallowable items. The Federal Programs Officer/Executive Director will wait for the revised budget before submitting it for further review.

Once the Federal Programs Officer/Executive Director and Business Manager determines that all budgeted items are allowable and are budgeted in the proper class/object code according to FAR, the budget is sent to the Superintendent for final review and approval. Generally, the budget receives final approval by August 31. The Federal Programs Officer/Executive Director then enters the final approved budget into the appropriate budget schedules of the grant application.

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

**Finance Department**

- Assisting the Business Manager with budgeting grants funds. Preparing and posting the initial budget and all amendments to the general ledger.
- Assisting the Business Manager 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 Business Manager 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 (7 years) for audit purposes
- Managing all fixed assets and ensuring compliance with the inventory and disposition federal guidelines

**Human Resources Department**

- Assisting the Grant Manager with the recruitment and hiring of all grant-funded staff
- Ensuring that all grant-funded staff meet the Highly Qualified Staff federal guidelines, as appropriate (And, all state certification requirements)
- Ensuring that all grant-funded staff have a job description with the grant-related duties and funding. (And, that all grant-funded staff sign a job description on an annual basis)
- Preparing the Highly Qualified Staff Annual Report and conducting the required public notice or hearing, as appropriate
- Maintaining audit-ready HR employee files for financial audit or single audit purposes, as appropriate
- Developing and maintaining all salary schedules to ensure consistency between local and non-local pay rates (Includes base salaries, stipends and extra-duty rates of pay)
• Assisting the Grant Manager with determining the position title, Role ID and other salary information for use in completing the grant application. This information can be attained by reviewing Employee Change Forms submitted by campus administrators, detailing the movement of employees within the District based on campus specified needs
• Retaining all personnel records for the required length of time (7 years) for audit purposes

Federal Programs Officer/ Executive Director

• 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. Submitting all grant amendments to the finance department to facilitate budget amendments.
• Assisting the Business Manager 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).
• Ensuring compliance with the FASRG in coding all payroll and non-payroll expenditures.
• Receiving and monitoring the time and effort reports, as appropriate, and submitting adjustments, if any, to the finance department
• Monitoring the spending thresholds throughout the grant period to ensure that the grant activities are being conducted systematically throughout the grant period
• Reviewing and approving all purchasing and contractual commitments in compliance with the grant periods and allowable cost principles
• Retaining all grant records for the required length of time (7 years) for audit purposes
• Providing information to the Human Resources department regarding the number and type of grant-funded positions approved in the grant application by the granting authority
• Verifying with the HR department that all grant-funded staff meet the Highly Qualified Staff federal guidelines, as appropriate (And, all state certification requirements)
• Verifying with the HR department that all grant-funded staff have a job description with the grant-related duties and funding. (And, that all grant-funded staff sign a job description 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

By end of each quarter, the Business Manager reviews the items in the proposed budget
to ensure budgeted items are listed in the correct class/object code according to FAR and the District’s classification chart and to ensure the items are allowable. The budget is also reviewed to ensure that any costs requiring specific or prior approval are specifically identified and listed. See II. Financial Management System, E. Expending Grant Funds, for a discussion on performing allowability determinations.

Reviewing and Approving the Budget Prior to Submitting the Application:

By August, the Federal Programs Officer/Executive Director and Business Manager reviews the items in the proposed budget to ensure budgeted items are listed in the correct class/object code according to FAR and the District’s classification chart and to ensure the items are allowable. The budget is also reviewed to ensure that any costs requiring specific or prior approval are specifically identified and listed. See II. Financial Management System, E. Expending Grant Funds, for a discussion on performing allowability determinations. If the Federal and Academic Programs Officer determines that a cost is not allowable, then the budget is sent back to the department that planned the expenditure with clear specifications about the changes that need to be made.

Once the Federal Programs Officer/Executive Director determines that all budgeted items are allowable and are budgeted in the proper class/object code according to FAR, the budget is sent to the Superintendent for final review and approval. Generally, the budget receives final approval by the Superintendent within the specified timeframe. The assigned program manager then enters the final approved budget into the appropriate budget schedules of the grant application.

Negotiating the Submitted Application

Once the grant application is submitted to the awarding agency, the designated program contact, usually the Federal Programs Officer/Executive Director, is available via phone and/or e-mail in the event that the awarding agency needs to contact the District to negotiate the application or to ask questions or seek clarification related to the proposed program and/or budget. The assigned Federal Programs Officer/Executive Director will seek guidance, if needed, from appropriate District personnel and will respond to any inquiries from the awarding agency within 48 hours. A delay in contacting the awarding agency delays final approval of the grant application, which delays grant program implementation and providing services to intended beneficiaries of the grant.

After Receiving the Approved Application & NOGA/GAN

Within 3 days of receiving the approved application and NOGA/GAN from the awarding agency, a complete copy of the application and NOGA/GAN will be provided to the responsible Federal Programs Officer/Executive Director and to the Business
Manager/Accounting Office.

All grant budgets are entered into the accounts of the District in the general ledger as approved in the application. The Business Manager creates a Budget Revision in WebSmart by JR3 to post the approved budget to the General Ledger.

In addition, the following steps are taken to ensure the District is prepared to implement the grant on the beginning date of the grant to maximize the effectiveness of the grant.

The Federal Programs Officer/ Executive Director will ensure that the grant will be implemented timely in order to maximize benefits for the intended population. The Federal Budget Planning Committee will have decided on the programs and resources to be implemented in the next school year based on the needs assessment and the Campus/District Improvement Plan. The personnel that will implement the grant programs will be adequately trained. The Federal Programs Officer/ Executive Director and the Business Manager will meet twice each semester to ensure that the federal expenditures have the correct codes and lines. The Federal Programs Officer/ Executive Director will ensure that the grant is coordinated with other federal and state grant programs to maximize effectiveness and efficiency of grant services and expenditures. The supplies and equipment needed to implement the grant will be ordered in a timely manner. Program activities will be closely monitored to ensure they are conducted in accordance with the approved application and requirements. The Federal Programs Officer/ Executive Director and the Business Manager will closely monitor the approved budget closely to determine when and if an amendment is required. The Federal Programs Officer/ Executive Director and the Business Manager personnel will prepare and submit the required program reports and expenditure reports.

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 Federal Programs Officer/ Executive Director shall notify the appropriate departments, such as Purchasing, Human Resources, Finance, Payroll, etc. of the grant periods for each federal grant award to ensure compliance as noted below:

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

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

Amending the Application

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

Monitoring and Amending the Budget and Program Description:

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

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

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

The Federal Programs Officer/ Executive Director and Business manager shall monitor the need for amendments at least quarterly throughout the grant period and at least one (1) month prior to the grant amendment deadline, if applicable. If an amendment is necessary for any of the reasons specified by the pass-through entity (TEA) or in federal regulations, the Federal Programs Officer/ Executive Director shall initiate the amendment process and collaborate with the finance department prior to submission of the grant amendment. The approval process of a grant amendment shall be the same as the grant application process, i.e. the Superintendent shall approve all federal grant amendments. The Finance Department shall be responsible for ensuring that the finance system
budget corresponds to the most recent grant NOGA.

D. **Timely Obligation of Funds**

*When Obligations Are Made*

“Obligations” are defined as *orders placed for property and services, contracts and sub-awards made, and similar transactions during a given period that require payment by the non-Federal entity during the same or a future period.* (This does *not* mean obligations for which goods and services will be delivered in a future *grant* period.) Essentially, an obligation is a *commitment to pay*.

All obligations for all goods and services must occur during the grant period (i.e., between the beginning and ending dates as stated on the NOGA), and those goods and services must be delivered during the grant period in sufficient time to provide substantial benefit to the grant to be considered *necessary* to carry out the objectives of the grant.

Per TEA’s *General and Fiscal Guidelines*, in some instances, goods or services delivered near the end of the grant period may be viewed by TEA as not necessary to accomplish the objectives of the current grant program. TEA will evaluate such expenditures on a case-by-case basis. Please note that a TEA monitor or an auditor may disallow those expenditures if the District is unable to (1) document the need for the expenditures, (2) demonstrate that program beneficiaries receive benefit from the late expenditures, or (3) negate the appearance of “stockpiling” supplies or equipment.

The following table illustrates when funds are determined to be *obligated* under federal regulations 34 CFR § 75.707; 34 CFR § 76.707.

<table>
<thead>
<tr>
<th>If the obligation is for:</th>
<th>The obligation is made:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of property</td>
<td>On the date which the District makes a binding written commitment to acquire the property</td>
</tr>
<tr>
<td>Personal services by an employee of the District</td>
<td>When the services are performed</td>
</tr>
<tr>
<td>Personal services by a contractor who is not an employee of the District</td>
<td>On the date which the District makes a binding written commitment to obtain the services</td>
</tr>
<tr>
<td>Public utility services</td>
<td>When the District receives the services</td>
</tr>
<tr>
<td>Travel</td>
<td>When the travel is taken</td>
</tr>
<tr>
<td>Rental of property</td>
<td>When the District uses the property</td>
</tr>
<tr>
<td>A pre-agreement cost that was properly approved by TEA prior to the obligation</td>
<td>On the first day of the grant project period.</td>
</tr>
</tbody>
</table>

In addition, TEA’s *FAR* requires *encumbrance* accounting. The amount *committed (or obligated)* must also be known to avoid over-expenditure of budgeted funds. An
Encumbrance accounting system is a method of ascertaining the availability of funds and then reserving funds to cover outstanding obligations.

Encumbrances represent commitments (i.e., obligations) related to contracts not yet performed (executory contracts), and are used to control expenditures for the year and to enhance cash management. A school district often issues purchase orders or signs contracts for the purchase of goods and services to be received during the grant period. At the time these commitments or obligations are made, which in its simplest form means that when a purchase order is prepared, the appropriate account is checked for available funds. If an adequate balance exists, the amount of the order is immediately charged to the account to reduce the available balance for control purposes. The encumbrance account does not represent an expenditure for the period, only a commitment to expend resources.

**Period of Availability of Federal Funds**

All obligations must occur on or between the beginning and ending dates of the grant project. 34 CFR § 76.707. This period of time is known as the *period of availability*. The *period of availability*, or the period between the beginning and ending dates of the grant, are dictated by statute and will be indicated on TEA’s NOGA or other awarding agency’s GAN. Further, certain grants have specific requirements for carryover funds that must be adhered to.

**TEA Grants:** As a general rule, federal funds administered by TEA are available for obligation within the fiscal year for which Congress appropriated the funds. However, given the unique nature of educational institutions, for many formula education grants, pursuant to provisions in the General Education Provisions Act (GEPA), the *period of availability* is 27 months. This consists of an initial grant period of 15 months (i.e., July 1 – September 30 of the following year), plus a 12-month carryover period authorized by the “Tydings Amendment.” 34 CFR § 76.709. For example, funds awarded on July 1, 2015, would remain available for obligation by TEA through September 30, 2017.

<table>
<thead>
<tr>
<th>Period</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>July – September (Forward Funding)</td>
<td>3 months</td>
</tr>
<tr>
<td>October – September (Federal fiscal year)</td>
<td>12 months</td>
</tr>
<tr>
<td>October – September (carryover period; Tydings Amendment)</td>
<td>12 months</td>
</tr>
<tr>
<td></td>
<td>27 months</td>
</tr>
</tbody>
</table>

Federal education formula grant funds are typically awarded on July 1 of each year. While funds not obligated during the initial 15-month grant period remain available as carryover
in the subsequent 12-month period, the District will always plan to spend to the best of its ability all current grant funds within the year for which the funds were initially appropriated. Per TEA, excess carryover and lapsing of funds may be an indicator in TEA’s risk assessment process.

TEA calculates and manages the carryover process each year after final expenditure reports from the prior year are processed. Any carryover funds from the prior year are added to the application and NOGA for the subsequent year. Carryover funds must be used in accordance with the federal statute and regulations in effect for the carryover period and with any approved state plan or application. 34 CFR 76.710

Direct Grants: In general, the period of availability for funds authorized under direct grants is identified in the GAN.

Liquidation of Obligations

The District must liquidate (i.e., make the final payment because the goods or services were received during the grant period, or cancel the obligation because the goods or services were not received during the grant period) all obligations incurred under the award in accordance with the requirements of TEA or other awarding agency. For TEA formula grants, this is usually within 30 calendar days after the ending date of the formula grant to coincide with submittal of the final expenditure report to TEA. For direct grants from the Department of Education, this may be not later than 90 days after the end of the funding period unless an extension is authorized. 2 CFR § 200.344(b)

Any funds not obligated within the period of availability or not liquidated within the appropriate timeframe are said to lapse and must be returned to the awarding agency. 2 CFR § 200.344(d). Lapsing of funds is usually considered by TEA to be an indicator of poor planning and may cause the District to be identified as high risk. Consequently, the District closely monitors grant spending throughout the grant cycle.

End of Fiscal Year Process

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

All end-of-fiscal year adjustments should be posted to the general ledger prior to closing out the fiscal year. Prior to the start of the audit field work, the following adjustments shall be posted to the general ledger:
• Reconcile all cash and investment accounts – all cash and investment accounts shall match the corresponding bank or investment general ledger balances as of August 31st, as reflected on the respective monthly statement.

• Reconcile all revenue accounts with amounts received and/or earned as of August 31st – All measurable revenue should be posted to the general ledger. For example, all state aid earned as of the most recent Summary of Finance report from TEA shall be posted to the appropriate state revenue accounts.

• Reconcile all grant revenue and expenditures – the revenue and expenditures in every grant program (state and federal) should equal. The excess revenue if any should be reclassified to a payable to the granting agency, unless the excess revenue is an advance payment (deferred revenue). If expenditures exceed revenue, the amount due from the granting agency should be posted to the revenue account and accounts receivable accounts.

• Reconcile the final amended budget – verify that all budget amendments (at the functional level) have been posted to the general ledger. The sum of the original budget, plus all budget amendments during the fiscal year shall equal the final amended budget.

• Reconcile and post all accounts receivables – all funds due from other sources, as of August 31st, shall be posted to the general ledger. The receivables shall be measurable and collectible in accordance with the district’s accounting standards.

• Reconcile and post all accounts payables – all payables due to others (vendors especially), as of August 31st, shall be posted to the general ledger. The amounts due for all goods and/or services received as of August 31st are classified as accounts payable and paid during the next fiscal year. The district will continue to evaluate invoices through the end of audit fieldwork to ensure that all invoices are recorded in the correct accounting period. [Note. The accounts payable account (2110) in the prior fiscal year and the next fiscal year must be in balance.]

• Reconcile all accrued wages and benefits as of August 31st – All accrued wages and benefits shall be posted to the general ledger, especially for all wages earned in August but scheduled to be paid in the next fiscal year (after September 1st).

• Reconcile all prepaid expenses as of August 31st – All prepaid expenses shall be posted to the general ledger to object code 1410. A prepaid expense is typically one that represents a disbursement of funds (payment) for goods or services that will be received or utilized in the next fiscal year. For example, a maintenance agreement that has a term of January 1st through December 31st, would have an expense for 6 months in the current fiscal and a prepaid expense of 6 months at the end of the fiscal year. [Note. The prepaid expenses should be cleared in the next fiscal year by posting the expense to the appropriate expense account code(s).

• Reconcile the fixed assets ledger with all fixed asset additions, deletions, or changes – All assets (as defined in the Fixed Asset Procedures) acquired during the fiscal year shall be added to the fixed asset ledger (database or Excel spreadsheet). All assets disposed of (sold or lost) shall be removed from the fixed asset ledger. Changes, if any, to the location, value, or category of assets shall be posted to the fixed asset ledger and the general ledger.
• Reconcile the fund balance as of August 31st – All beginning net asset object codes (3490, 3590 and 3600) shall be reconciled to the audit report from the previous year. And the ending net asset object codes should equal beginning net assets plus revenue and other income, less expenses and other charges.

**Carryover**

*TEA Grants:* As previously described, the Tydings Amendment typically extends the period of availability for formula grants for an additional 12 months. Accordingly, the District may have multiple years of grant funds available under the same program at the same time.

Usually, TEA *discretionary* grants do not have a carryover period, as any unobligated and unexpended funds are carried over at the *state* level and are used to issue NOGAs for the subsequent funding period. TEA discretionary grantees must request to extend the ending date of the project/NOGA directly from TEA if such an extension is allowable pursuant to the guidelines related to a particular grant.

*Direct Grants:* Grantees receiving direct grants are not covered by the 12-month Tydings period. However, under 2 CFR § 200.308, direct grantees enjoy unique authority to expand the period of availability of federal funds. The District is authorized to extend a direct grant automatically for one 12-month period. Prior approval is not required in these circumstances; however, in order to obtain this extension, the District must provide written notice to the federal awarding agency at least 10 calendar days before the end of the period of performance specified in the award. This one-time extension may not be exercised merely for the purpose of using unobligated balances.

The District will seek written prior approval from the federal agency when the extension will not be contrary to federal statute, regulation or grant conditions and when:

- The terms and conditions of the Federal award prohibit the extension;
- The extension requires additional Federal funds; or
- The extension involves any change in the approved objectives or scope of the project. 2 CFR § 200.308 (e)(2).

If a program extension is required for a direct grant, the Federal Programs Director will determine if the extension is necessary and how long of an extension is needed. The Superintendent must approve the extension request. The Federal Programs Director will be responsible for completing the extension request and for collecting the documentation needed to complete the request. The request must be submitted in the timeframe indicated in the grant.
E. Accounting Records

The Business Office is responsible for maintaining the official accounting records of the Charter District. All grant budgets are entered into the accounts of the Charter District in the general ledger. Funds are accounted for and records are kept in accordance with the requirements in TEA’s FAR. The chart of accounts provided in FAR provides the framework for the accounting system, and the Charter School uses the accounting terminology specified in FAR and generally accepted accounting principles (GAAP).

Recurring journal entries are made by the Superintendent with back up documentation held for review by the independent auditors.

The Business Office maintains (on paper or electronically) original source documentation to support all expenditures recorded in the general ledger. Source documentation may include but is not limited to purchase orders/requisitions, invoices, itemized receipts, travel authorizations and Expense/Travel Report Forms, contracts, proof of delivery, copies of checks, bank statements, etc.

The Business Office will only process purchase orders that are supported with original source documentation. All supporting documentation must be submitted to the business office at the time the purchase order request is submitted. When a purchase order is created, the supporting documentation is attached to it. When a check is cut for the purchase, a copy of the check, the purchase order, and the supporting documents are filed in the business office under the vendors’ name. If a request for a purchase order is submitted without documentation, the business office personnel will wait to process the request until they receive the documentation. If the supporting documentation is illegible, the business office personnel will request another copy from the requestor. The purchase will not be processed until a legible copy of the supporting documentation is received.

If electronic source documentation is maintained, the District ensures the documentation is easily retrievable and is readable in accordance with the requirements in 2 CFR § 200.335. Refer to Section VII. Record Keeping of this manual for more information about these requirements.

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

- Microsoft products such as Word, Excel, Access, etc.
- Financial Management System, WebSmart Finance, HR, Budget, Purchasing
The Records Custodian for the financial records of the district is iCap. All questions related to the retention, destruction, and/or addition of new record series shall be directed to the District’s Records Management Officer (RMO), I-Cap.

*General Ledger Maintenance (†)*

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

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

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

*Journal Entries (†)*

All general ledger entries shall be in balance (debits shall equal credits). A Journal Voucher form shall be used to document all entries. All journal entries shall be numbered for tracking purposes via an automated numbering system shall be utilized by the district. Business manager shall be authorized to create journal entries and the Data Processing Clerk shall be authorized to post journal entries to the general ledger.

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

School Board Reports and a detailed Check Payments report for the previous month should be generated and forwarded to the Director of Admin for board review. The financial reports and check payment list shall not be approved by the School Board.
All reports should be filed for audit purposes including, but not limited to, the following:

- Vendor Transactions & Banking Register
- Detail General Ledger
- Summary General Ledger

The Business Manager shall review a Summary General Ledger on a monthly basis to ensure the accuracy of fund accounting.

*Data Entry and Validation (†)*

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

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

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

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

- Date of the general ledger transaction – the date of the transaction should be within the posting month and within the posting fiscal year.
- Account code(s) – the proper account code shall be used for all transactions
- Journal [transaction] number – the number assigned should be automatically assigned in a sequential order. A log of the journal numbers utilized each fiscal year should be available in an automated form.
- The credit and debit amounts– the total debits must match the total credits
- Reason for the general ledger transaction – the reason should explain the reason for the transaction such as cash receipt number, adjustment to budget/expense, etc.
- Supporting document – supporting documentation, if any, shall be attached to the journal entry form for audit tracking purposes
All general ledger payroll transactions shall require the following minimum data:

- Check date – the date the check was posted to the general ledger
- Account code(s) – the account codes charged for all payroll disbursements, including liability accounts, should exist in the general ledger. (Note: During the payroll posting process, the payroll department must verify that all payroll accounts exist on the general ledger. If accounts do not exist on the general ledger, the accounts should be verified for accuracy and if accurate, the list of account codes must be submitted to the Business Manager to ensure that the appropriate accounts are created in the finance system.)

The Business Office maintains (on paper or electronically) original source documentation to support all expenditures recorded in the general ledger. Source documentation may include but is not limited to purchase orders/requisitions, invoices, itemized receipts, travel authorizations and Expense/Travel Report Forms, contracts, proof of delivery, copies of checks, bank statements, etc.

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

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

The Data Entry Clerk will notify the Business Manager upon receipt of any illegible source documentation for clarification and/or further documentation.

If electronic source documentation is maintained, the District ensures the documentation is easily retrievable and is readable in accordance with the requirements in 2 CFR § 200.335. Refer to Section VII. Record Keeping of this manual for more information about these requirements.

**F. Expending Grant Funds**

All costs charged to a federal grant are classified as either direct or indirect. While developing and reviewing the grant budget and when expending grant funds, program and fiscal staff should keep in mind the difference between direct costs and indirect costs as
defined in the federal cost principles. All costs must be properly and consistently identified as either direct or indirect in the accounting system.

**Direct and Indirect Costs**

*Determining Whether a Cost is Direct or Indirect*

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

*Indirect* costs are those that have been incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. 2 CFR §200.1. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct costs or indirect costs. 2 CFR § 200.413(a). Indirect costs usually support areas that benefit all activities of the District, such as Accounting, Budget, Human Resources, Purchasing, Building Maintenance, etc.

*Cost Objective:* A cost objective is a program, function, activity, award, organizational subdivision, contract, or work unit. A cost objective may be a major function of the District, a particular service or project, a federal award, or an indirect cost activity.

Identification with the federal award, rather than the nature of the goods and services involved, is the determining factor in distinguishing *direct* from *indirect* costs of federal awards. Typical costs charged directly to a federal award are the compensation of employees who conduct program activities for that award, their related fringe benefit costs, and the costs of materials and other items of expense incurred to carry out the objectives of the federal award. 2 CFR § 200.413(b).

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

- Administrative or clerical services are integral to a project or activity.
- Individuals involved can be specifically identified with the project or activity.
- Such costs are explicitly included in the budget or have the prior written
approval of TEA or other awarding agency.

- The costs are not also recovered as indirect costs.

Indirect Cost Rate

Pursuant to 34 CFR §§ 75.561 and 76.561, TEA, as the cognizant agency, approves federal indirect cost rates for school districts, ESCs, and open-enrollment charter schools in Texas. The rates are calculated using costs specified in the District’s indirect cost plan/proposal submitted to TEA and is effective July 1 through June 30 of each year.

Two indirect cost rates are approved by TEA and are used by the District. The restricted rate is used for federal grants containing the supplement, not supplant requirement (34 CFR §§ 76.563 and .564). The unrestricted rate may be used for federal grants that do not contain the supplement, not supplant requirement.

The Business Manager will annually complete the “Request for an Indirect Cost Rate for Charter Schools”, form SC5010 to receive the district’s direct and indirect cost rates for the upcoming school year.

Applying the Indirect Cost Rate: The District must have a current, approved federal indirect cost rate to charge indirect costs to a federal grant. Once the District has an approved indirect cost rate, the percentage is multiplied against the actual direct costs (excluding distorting items specified by TEA or other awarding agency, such as the portion of each contract in excess of $25,000, sub-grants, capital outlay, debt service, etc.) incurred under a particular grant to produce the dollar amount of indirect costs allowable to that award. 34 CFR § 75.564; 34 CFR § 76.569. Once the District applies the approved rate, the funds that may be claimed for indirect costs have no federal accountability and may be used as if they were non-federal funds. For Direct Grants, reimbursement of indirect costs is subject to the availability of funds and statutory or administrative restrictions. 34 CFR § 75.564.

Indirect costs are part of administrative costs (vs. program costs). Where a federal program has a specific cap on the percentage of administrative costs that may be charged to a grant, that cap must include all direct administrative charges as well as any recovered indirect charges. If administrative costs are limited to 5%, for example, the total direct administrative costs plus indirect costs claimed for the grant cannot exceed 5%.

Indirect costs are budgeted in the grant application in the corresponding line item. Although the maximum allowable indirect costs may be budgeted in the application, indirect costs can only be charged to the grant based on actual expenditures of direct costs. Therefore, if the District does not expend all of its funds during the grant period, the maximum amount of indirect costs budgeted based on the total grant award cannot be charged to the grant.
Prior to finalizing expenditures for the grant and submitting the final expenditure report to TEA or other awarding agency, the District adjusts the final amount charged to indirect costs based on the actual expenditures.

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. If an indirect cost rate is to be used, the finance department shall prepare a general ledger entry for the indirect costs. The Data Processing Specialist shall post the entry to the finance general ledger.

The Federal and Academic Programs Officer will work with the Superintendent to determine if any adjustment is needed to the final amount charged to indirect cost.

**Determining Allowability of Costs**

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

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

When determining how the District will spend grant funds, the Federal and Academic Programs Officer and/or Business Manager will review the proposed cost to determine whether it is an allowable use of federal grant funds *before* obligating and spending those funds on the proposed goods or services. All expenditures made with federal education funds must meet the standards outlined in EDGAR, 2 CFR Part 3474, and 2 CFR Part 200. The assigned program manager and fiscal staff, including the Federal and Academic Programs Officer and/or Business Manager must consider the following factors when making an allowability determination.

**Factors Affecting Allowability of Costs**

In general, District staff must consider the following elements when determining the allowability of a cost. In accordance with the federal cost principles, all costs budgeted and charged to a federal grant must be:
✓ **Necessary and Reasonable for the performance of the federal award.**

*Reasonable Costs:* 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 to incur the cost was made. "Reasonable" means that sound business practices were followed, and purchases were comparable to current market prices.

A cost can be *reasonable* if it meets *all of* the following conditions:

- Prudence was used in making the decision to incur the cost, considering the person’s responsibilities to the District, its employees, the public, and the federal government.
- It is necessary to carry out the objectives of the grant program or is recognized as an ordinary cost to operate the organization.
- The District applied sound business practices; arm’s-length bargaining (i.e., the transaction was with an unrelated third party); federal, state, and other laws and regulations; and the terms and conditions of the award in making the decision.
- The price is comparable to that of the current fair market value for equivalent goods or services.
- There were no significant deviations from the established practices of the organization which may unjustifiably increase the cost. 2 CFR § 200.404

**Necessary Costs:** While 2 CFR § 200.404 does not provide specific descriptions of what satisfies the “necessary” element beyond its inclusion in the reasonableness analysis above, *necessary* is determined based on the needs of the program. Specifically, the expenditure must be necessary to achieve an important program objective. It means it is vital or required in order to meet the objectives of the grant or for the grant to be successful. *Necessary does not* mean “nice to have,” which means it is *not necessary* to accomplish the objectives of the program in that it is not vital or required for the success of the program.

A key aspect in determining whether a cost is *necessary* is whether the district can demonstrate that the cost addresses an existing need and can prove it. For example, the district may deem a language skills software program necessary for a limited English proficiency program.
When determining whether a cost is necessary, the District considers:

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

✓ **Allocable to the federal award.** A cost is *allocable* to the federal award if the goods or services involved are *chargeable* or *assignable* to the federal award *in accordance with the relative benefits received.* This means that the federal grant program derived a benefit in proportion to the funds charged to the program. 2 CFR § 200.405. For example, if 50% of a supplementary teacher’s salary is paid with grant funds, then that teacher must spend at least 50% of his or her time on the grant program. Additionally, if equipment or supplies purchased with grant funds benefits more than one grant program, the purchase must be “split-funded” among the grant programs receiving benefit. The District must be able to demonstrate how a particular cost benefits the specific population being served in the grant. This is an area of frequent audit exceptions.

✓ **Consistent with policies and procedures** that apply uniformly to both federally-financed and other activities of the District. For example, personnel whose travel is paid with federal funds is reimbursed at the same rates as personnel whose travel is paid with state or local funds, and the grant is charged accordingly.

✓ **Conform to any limitations or exclusions set forth as cost principles** in 2 CFR Part 200, Subpart E, or in the terms and conditions of the federal award.

✓ **Consistent treatment.** A cost cannot be assigned to a federal award as a *direct* cost if any other cost incurred for the same purpose in like circumstances has been assigned as an *indirect* cost under another award.

✓ **Adequately documented.** All expenditures must be properly documented with original source documentation that is clearly written and maintained on file (either electronically or on paper) with accounting records. Documentation includes purchase orders/requisitions, invoices, receipts, verification of receipt of goods and services,
travel authorizations and vouchers, contracts, time-and-effort records, copies of checks, bank statements, etc. Expenditures that are not supported by source documentation cannot be charged to the grant.

✓ Determined in accordance with generally accepted accounting principles (GAAP), unless provided otherwise in 2 CFR Part 200.

✓ Not included as a match or cost-share of another federal program, unless the specific federal program authorizes federal costs to be treated as such. Some federal program statutes require the grantee to contribute a certain amount of non-federal resources to be eligible for the federal program.

✓ The net of all applicable credits. The term “applicable credits” refers to those receipts or reduction of expenditures that operate to offset or reduce expense items allocable to the federal award. Typical examples of such transactions are: purchase discounts; rebates or allowances; recoveries or indemnities on losses; and adjustments of overpayments or erroneous charges, such as credits. To the extent that such credits accruing to or received by the District relate to the federal award, they shall be credited to the federal award, either as a cost reduction or a cash refund, as appropriate. 2 CFR § 200.406.

Treatment of miles, points, or awards accrued for travel: Any miles, points, credits, or awards accrued or earned for employee travel using a district-issued credit card (where the credit card bill is paid directly by the District) are the property of the District and will be used for employees travelling on behalf of the District to reduce the overall cost to the District. Any such miles, points, credits, or awards accrued will not be used for personal travel.

2 CFR Part 200’s cost guidelines must be considered when federal grant funds are expended. Federal rules require state- and District-level requirements and policies regarding expenditures to be followed as well. For example, state and/or District policies relating to travel or equipment may be narrower or more restrictive than the federal rules. In this case, the stricter State and/or District policies must be followed.

Requesting Prior Written Approval

Some costs discussed in the following sections and in the instructions to completing the grant application require prior written approval from the awarding agency. For TEA grants, prior written approval must be requested in accordance with TEA’s process. The District must submit the request in writing to the TEA Chief Grants Administrator. The Chief Grants
Administrator may request additional information, as applicable, and may meet or consult with applicable TEA staff prior to responding to the District in writing.

In addition, for certain costs that it may be difficult to determine reasonableness or allocability, the District may seek prior written approval for “special or unusual costs” not identified in the regulations in advance of the incurrence of such costs. This may prevent future disallowance or dispute based on “unreasonableness” or “non-allocability.” Prior written approval should include the timeframe or scope of the agreement. 2 CFR § 200.407

The Federal Programs Director and/or Business Manager will determine if and when the District should seek prior written approval for a certain cost prior to incurring the cost. Federal grant funds will not be expended for any costs that require prior written approval in accordance with 2 CFR 200, Subpart E, or the grant application instructions, if such prior written approval was not properly secured.

**Selected Items of Cost – 2 CFR Part 200, Subpart E**

2 CFR Part 200, Subpart E, examines the allowability of 56 specific cost items (commonly referred to as Selected Items of Cost) at 2 CFR §§ 200.420-476. These cost items are listed in the chart below along with the citation where it is discussed. Please do not assume that an item is allowable because it is specifically listed, as it may be unallowable despite its inclusion in the selected items of cost section, or it may be allowable only under certain conditions, including prior written approval.

The expenditure may be unallowable for a number of reasons, including: the express language of the regulation states the item is unallowable; the terms and conditions of the grant deem the item unallowable; or State/local restrictions dictate that the item is unallowable or allowable only under certain conditions or circumstances. The item may also be unallowable because it does not meet one of the factors affecting allowability of costs, such as being reasonable because it is considered too expensive. If an item is unallowable for any of these reasons, the District does not use federal funds to purchase it.
The selected items of cost addressed in 2 CFR Part 200, Subpart E include the following (in alphabetical order):

<table>
<thead>
<tr>
<th>Item of Cost</th>
<th>Citation of Allowability Rule</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising and public relations costs</td>
<td>2 CFR § 200.421</td>
</tr>
<tr>
<td>Advisory councils</td>
<td>2 CFR § 200.422</td>
</tr>
<tr>
<td>Alcoholic beverages</td>
<td>2 CFR § 200.423</td>
</tr>
<tr>
<td>Alumni/ae activities</td>
<td>2 CFR § 200.424</td>
</tr>
<tr>
<td>Audit services</td>
<td>2 CFR § 200.425</td>
</tr>
<tr>
<td>Bad debts</td>
<td>2 CFR § 200.426</td>
</tr>
<tr>
<td>Bonding costs</td>
<td>2 CFR § 200.427</td>
</tr>
<tr>
<td>Collection of improper payments</td>
<td>2 CFR § 200.428</td>
</tr>
<tr>
<td>Commencement and convocation costs</td>
<td>2 CFR § 200.429</td>
</tr>
<tr>
<td>Compensation – personal services</td>
<td>2 CFR § 200.430</td>
</tr>
<tr>
<td>Compensation – fringe benefits</td>
<td>2 CFR § 200.431</td>
</tr>
<tr>
<td>Conferences</td>
<td>2 CFR § 200.432</td>
</tr>
<tr>
<td>Contingency provisions</td>
<td>2 CFR § 200.433</td>
</tr>
<tr>
<td>Contributions and donations</td>
<td>2 CFR § 200.434</td>
</tr>
<tr>
<td>Defense and prosecution of criminal and civil proceedings, claims, appeals</td>
<td>2 CFR § 200.435</td>
</tr>
<tr>
<td>and patent infringements</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>2 CFR § 200.436</td>
</tr>
<tr>
<td>Employee health and welfare costs</td>
<td>2 CFR § 200.437</td>
</tr>
<tr>
<td>Entertainment costs</td>
<td>2 CFR § 200.438</td>
</tr>
<tr>
<td>Equipment and other capital expenditures</td>
<td>2 CFR § 200.439</td>
</tr>
<tr>
<td>Exchange rates</td>
<td>2 CFR § 200.440</td>
</tr>
<tr>
<td>Fines, penalties, damages and other settlements</td>
<td>2 CFR § 200.441</td>
</tr>
<tr>
<td>Fund raising and investment management costs</td>
<td>2 CFR § 200.442</td>
</tr>
<tr>
<td>Gains and losses on disposition of depreciable assets</td>
<td>2 CFR § 200.443</td>
</tr>
<tr>
<td>General costs of government</td>
<td>2 CFR § 200.444</td>
</tr>
<tr>
<td>Goods and services for personal use</td>
<td>2 CFR § 200.445</td>
</tr>
<tr>
<td>Idle facilities and idle capacity</td>
<td>2 CFR § 200.446</td>
</tr>
<tr>
<td>Insurance and indemnification</td>
<td>2 CFR § 200.447</td>
</tr>
<tr>
<td>Intellectual property</td>
<td>2 CFR § 200.448</td>
</tr>
<tr>
<td>Interest</td>
<td>2 CFR § 200.449</td>
</tr>
<tr>
<td>Lobbying</td>
<td>2 CFR § 200.450</td>
</tr>
<tr>
<td>Losses on other awards or contracts</td>
<td>2 CFR § 200.451</td>
</tr>
<tr>
<td>Maintenance and repair costs</td>
<td>2 CFR § 200.452</td>
</tr>
<tr>
<td>Materials and supplies costs, including costs of computing devices</td>
<td>2 CFR § 200.453</td>
</tr>
<tr>
<td>Memberships, subscriptions, and professional activity costs</td>
<td>2 CFR § 200.454</td>
</tr>
<tr>
<td>Organization costs</td>
<td>2 CFR § 200.455</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>Participant support costs</td>
<td></td>
</tr>
<tr>
<td>Plant and security costs</td>
<td></td>
</tr>
<tr>
<td>Pre-award costs (unless specifically allowed by the grant)</td>
<td></td>
</tr>
<tr>
<td>Professional services costs</td>
<td></td>
</tr>
<tr>
<td>Proposal costs</td>
<td></td>
</tr>
<tr>
<td>Publication and printing costs</td>
<td></td>
</tr>
<tr>
<td>Rearrangement and reconversion costs</td>
<td></td>
</tr>
<tr>
<td>Recruiting costs</td>
<td></td>
</tr>
<tr>
<td>Relocation costs of employees</td>
<td></td>
</tr>
<tr>
<td>Rental costs of real property and equipment</td>
<td></td>
</tr>
<tr>
<td>Scholarships and student aid costs</td>
<td></td>
</tr>
<tr>
<td>Selling and marketing costs</td>
<td></td>
</tr>
<tr>
<td>Specialized service facilities</td>
<td></td>
</tr>
<tr>
<td>Student activity costs</td>
<td></td>
</tr>
<tr>
<td>Taxes (including Value Added Tax)</td>
<td></td>
</tr>
<tr>
<td>Telecommunication costs/video surveillance costs</td>
<td>2 CFR § 200.471</td>
</tr>
<tr>
<td>Termination costs</td>
<td>2 CFR § 200.472</td>
</tr>
<tr>
<td>Training and education costs</td>
<td>2 CFR § 200.473</td>
</tr>
<tr>
<td>Transportation costs</td>
<td>2 CFR § 200.474</td>
</tr>
<tr>
<td>Travel costs (<em>TEA restricts actual costs, not per diem</em>)</td>
<td>2 CFR § 200.475</td>
</tr>
<tr>
<td>Trustees</td>
<td>2 CFR § 200.476</td>
</tr>
</tbody>
</table>

Likewise, it is possible for the State and/or District to put additional requirements on a specific item of cost. Under such circumstances, the stricter requirements must be met for a cost to be allowable. Accordingly, employees consult federal, State and District requirements when spending federal funds. For example, the travel rules for grants administered by TEA are more restrictive than the federal cost principles allow, which means TEA’s policies must be followed.

**Other Considerations for Allowability**

In order for a cost to be allowable, the expenditure must also be allowable under the applicable federal program statute (e.g., Title I of the Elementary and Secondary Education Act [ESEA], or the Carl D. Perkins Career and Technical Education Act [Perkins]), along with accompanying program regulations, non-regulatory guidance, and grant award notifications.

Most federal programs also contain the supplement, not supplant requirements. In general, this means that the District cannot use federal grant funds to pay for a cost or activity that
is usually supported by state or local funds. See Section X. Programmatic Fiscal Requirements, A... Supplement, Not Supplant, of this manual for more information about this requirement.

In summary, for a cost to be allowable under a federal grant program, the District ensures it meets all of the following conditions. A cost that does not meet all of these conditions could be questioned during an audit or monitoring visit and could require repayment to the awarding agency. The cost must be:

- **reasonable** in cost (as described above)
- **necessary** to accomplish the objectives of the grant program (as described above)
- based on an identified need, concern, or area of weakness within the grant program
- appropriate under the authorizing program statute
- consistent with the underlying needs of the program in that it benefits the intended population of students or teachers for which the funds are appropriated
- **allocable** to the grant based on the relative benefits received (as described above)
- authorized or not prohibited under state or local laws or regulations
- consistent with policies, regulations, and procedures that apply to all activities, including other grants and state and local activities treated consistently as either a direct cost or as an indirect cost
- determined in accordance with GAAP
- not used to meet cost sharing or matching requirements of another federal grant (unless specifically permitted in the other program statute or regulations)
- consistent with the terms and conditions of the grant award
- budgeted in the approved grant application
- adequately documented with appropriate supporting original source documentation
- the net of any applicable credits such as rebates or discounts
- allowable under the federal cost principles
- in most cases, supplemental to the core foundation program of the school and to other activities normally conducted by the school (i.e., supplement, not supplant)
- if the school is a Title I school-wide program, the grant program’s activities and
applicable costs must be included in the school-wide plan, the school must have conducted
a comprehensive needs assessment, and the plan must contain the required components
specified in statute (see Title I, Part A, §1114[b]) District personnel responsible for spending
federal grant funds and for determining allowability must be familiar with the Part 200 selected
items of cost section. District employees are required to follow these rules when charging these
specific expenditures to a federal grant. In addition to checking the selected items of cost in Part
200, District staff must check costs against TEA’s Guidelines Related to Specific Costs, the
Request for Application (RFA), local district policy, and any grant program restrictions to ensure the
cost is allowable.

The person initiating the purchase will submit for approval to the Federal Programs Director
a requisition using Websmart JR3 with required documentation for approval. After reviewing
the submitted requisition and all supporting documentation, the Federal Programs Director
will refer to the specific grant’s program guidelines to ensure that all the conditions are met
before approving a purchase. After purchase approval, the documents will be forwarded to
the Business Manager who will initiate the purchase.

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 policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
- Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
• Except as otherwise provided for in EDGAR, be determined in accordance with generally accepted accounting principles.
• Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.
• Be the net of all applicable credits.
• Be adequately documented.

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

Costs That Require Special Attention

In addition to the aforementioned, certain types of costs may be allowable under federal law but may not be allowable under state law or guidelines, or may only be allowable under certain circumstances and conditions. TEA’s Guidelines Related to Specific Costs (under Allowable Cost Guidance) outlines several other types of costs that require special attention due to the fact some costs frequently cause audit exceptions or monitoring findings. Included in that guidance are descriptions of allowable awards and incentives; cell phones; employer contributions to voluntary retirement plans; field trips; printing costs; food costs, including for hosting meetings and conferences; fundraising; gifts; promotional items; social events; and training on grant writing.

Wayside makes every effort to comply with these guidelines in the expenditure of federal grant funds to avoid audit exceptions. The Federal Programs Officer/ Executive Director monitors all transactions to ensure compliance with these guidelines and the position responsible. District employees engaged in federally-funded activities are required to consult this document regularly and be familiar with its contents. This document will be distributed to all personnel that are involved in federally-funded activities. The personnel will be trained on the key points of this document, and their compliance will be monitored by the Federal Programs Officer/ Executive Director.

The Federal Programs Officer/ Executive Director shall be responsible for the programmatic and evaluation compliance and the Business Manager shall be responsible for the financial compliance.

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

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

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

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

The state and/or District rules related to some specific cost items are discussed below. District employees must be aware of these State and District rules and ensure they are complying with these requirements.

Travel

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

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

Additionally, if local District policy provides for reimbursement for travel expenses at an amount that exceeds the rates allowed by TEA, the District pays the difference from state or local funds.

District policy does not provide for reimbursement of travel expenses at a higher rate as specified in the District’s written travel policies.

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

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

Applying Meal Funds to Lodging Reimbursement: Per guidance from TEA related to travel, for both in-state and out-of-state travel, the traveler may apply funds available for meal reimbursement (i.e., up to the rate specified in the Federal Rate Schedule) toward lodging.
For example, if the traveler chooses to stay in a hotel that costs $10 more per night than the allowable maximum for lodging, the traveler may apply $10 of the maximum available for meal reimbursement per day toward the lodging rate. If the traveler chooses to apply meal reimbursement to lodging, the maximum meal reimbursement rate per day is reduced by the same amount (applying $10 of the meal reimbursement to lodging would reduce the meal reimbursement by $10 per day). Note: All lodging costs must still be reasonable and necessary.

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

*Temporary Dependent Care Costs:* Pursuant to the provisions in 2 CFR § 200.475(c), the District may reimburse an employee on travel status for temporary dependent care costs above and beyond regular dependent care that directly results from travel to conferences. Such travel is allowable provided that all of the following conditions are met:

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

**Travel costs for dependents are unallowable at Wayside.**

*Wayside does not reimburse employees for temporary dependent care costs.*

*Documentation that Travel Costs are Reasonable and Justifiable:* Additionally, costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be deemed by the District to be reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the District in its regular operations as the result of its written travel policy.

Pursuant to the requirements in 2 CFR § 200.475(b), documentation must be maintained that justifies that (1) participation of the particular individual is necessary to the federal award; and (2) the costs are reasonable and consistent with the District’s established policy.

Refer to the Charter School’s Employee and Staff Travel Policy (100.202), which complies with TEA’s guidelines related to travel, for specific provisions related to travel.
expense/Travel Report Form

Employees who plan to travel must complete an Expense/Travel Report Form (Appendix 3) prior to travel, detailing the dates of the proposed travel, purpose of the travel, how it will benefit the grant program, and estimated travel expenses. The Expense/Travel Report Form (or similar document) must be approved by the employee's supervisor and by the Accounting Department. The supervisor will verify that the travel by the particular individual is necessary to accomplish the objectives of the grant program. The Federal Grants Director will provide approval of the expense/travel form once the document is submitted in Websmart JR3 as a requisition. The Federal Grants Manager will also verify that costs are reasonable and consistent with the District's travel policies and that sufficient funds are budgeted and available for travel in the appropriate grant program. The Accounting Department will provide final approval prior to the employee incurring any travel expenditures. At this point, the funds will be encumbered.

Expense/Travel Report Form

Travel costs must be properly documented to be reimbursable by the District. The employee must document travel costs with an Expense/Travel Report Form (or other comparable documentation) that is completed after the travel has occurred. The Expense/Travel Report Form (or similar documentation) must include the following at a minimum:

- Name of the individual claiming travel reimbursement
- Destination and purpose of the trip, including how it was necessary for this particular individual to travel on this particular trip in order to accomplish the objectives of the grant program
- Dates of travel
- Actual mileage (not to exceed reimbursement at the maximum allowable rate). Travelers are required to calculate mileage by one of the following two methods:
  - Actual odometer reading (point-to-point method)
  - Electronic mapping source (such as that on www.Mapquest.com or any other online mapping service). If this method is chosen, the traveler must print out the driving directions provided by the site and attach them to the Expense/Travel Report Form. Travelers are required to select the shortest and most economical route but may justify the selection of another route if it was chosen for safety reasons and specific justification of the selection is given.
- **Actual amount** expended on lodging per day, with a receipt attached (may not exceed the federal rate for the locale)

- **Actual amount** expended on meals per day (must not exceed the federal rate for the locale; tips and gratuities are not reimbursable). Receipts for meals are not required by TEA but may be required per local District policy.

- Actual amount of airfare (receipt must be attached; a printed copy of an online receipt is acceptable)

- Actual amount expended on public transportation, such as taxis and shuttles

- Actual amount expended on a rental car, with receipt attached and justification for why a rental car was necessary and how it was more cost effective than alternate transportation; receipts for any gasoline purchased for the rental car must be attached (*mileage* is not reimbursed for a rental car – only the actual cost for gasoline is reimbursed)

- Actual cost of gasoline for a rental car (receipts must be attached)

- Actual cost of parking

- Actual amount expended on incidentals, such as hotel taxes, copying of materials, and other costs associated with the travel (receipts must be attached)

- Total amount to be reimbursed to the employee

- The signature and date of the employee

- The signature and date of the supervisor or other manager

Travel costs that are not supported by proper documentation as described above are not allowable to be charged to the grant and are subject to disallowance by state and federal auditors and monitors.

*Pre-determined Conference Hotel Lodging Rates:*

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

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

Complete and accurate documentation must be maintained in order for this scenario to be considered acceptable by an auditor or monitor. The traveler must complete the *Request to Exceed Hotel Lodging Rates* (or similar document) prior to travel and the written form must be approved by the Superintendent.

Other costs requiring special attention are discussed below.

**Advertising and Public Relations Costs**

Pursuant to the requirements in 2 CFR § 200.421, the costs of *advertising* are allowable only for the recruitment of grant personnel; the procurement of goods and services for the award; disposal of scrap or surplus materials acquired under the award; and program outreach. Allowable *public relations* costs are those necessary to communicate with the public and press pertaining to specific activities or accomplishments or as necessary to keep the public informed on matters of public concern. All advertising and public relations costs must be necessary for the performance of the particular award, and must *not* be for the purpose of advertising or relating to the public with regard to the district in general.

**Hosting Meetings and Conferences**

2 CFR § 200.432 discusses the allowability of conference costs paid by the district as a sponsor or host of the conference. A conference is defined as “a meeting, retreat, seminar, symposium, workshop or event whose primary purpose is the dissemination of technical information beyond the non-federal entity (i.e., the conference is for non-employees) and is necessary and reasonable for successful performance under the award.” These federal guidelines state that costs may include rental of facilities, cost of meals and refreshments, local transportation, and other items incidental to such conferences unless further restricted by the terms and conditions of the federal award. Per the guidance, conference hosts/sponsors must exercise discretion and judgment in ensuring that conference costs are appropriate, necessary, and managed in a manner that minimizes the costs to the federal award.

However, the USDE issued more restrictive guidance related to the use of funds for conferences and meetings (under *Allowable Cost Guidance*), particularly with regard to
food costs such as meals, snacks, and refreshments.

Per guidance from the USDE:

“Generally, there is a very high burden of proof to show that paying for food and beverages with Federal funds is necessary to meet the goals and objectives of a Federal grant. When a grantee is hosting a meeting, the grantee should structure the agenda for the meeting so that there is time for participants to purchase their own food, beverages, and snacks. In addition, when planning a meeting, grantees may want to consider a location in which participants have easy access to food and beverages.

While these determinations will be made on a case-by-case basis, and there may be some circumstances where the cost would be permissible, it is likely that those circumstances will be rare. Grantees, therefore, will have to make a compelling case that the unique circumstances they have identified would justify these costs as reasonable and necessary.”

Additionally, the USDE guidance states that grantees should consider whether a face-to-face meeting or conference is the most effective or efficient way to achieve the desired result and whether there are alternatives, such as webinars or video conferences, that would be equally or similarly effective and more efficient in terms of time and costs than a face-to-face meeting. The USDE guidance also states that grantees should consider how the meeting or conference will be perceived by the public; for example, will the meeting or conference be perceived as a good use of taxpayer dollars?

These and more specific guidelines are also discussed in TEA’s Guidelines Related to Specific Costs (under Allowable Cost Guidance) in the Food and Beverage Costs section.

District staff will adhere to these guidelines if and when hosting a meeting or conference for non-employees. Prior to planning a meeting or conference, approval will be obtained from the Superintendent in the District. The proposed meeting or conference will be budgeted in the approved application and the District will obtain prior approval from TEA as specified in the Guidelines Related to Specific Costs.

Cost of Identifying Local Dependent Care: Pursuant to the provisions in 2 CFR § 200.432, the District may use grant funds to pay for identifying, but not providing, locally
available dependent-care resources for those attending the conference. For example, allowable costs might include accessing, compiling, and providing a list of nearby child care facilities for attendees at a conference.

The District does not use grant funds to pay for identifying locally available dependent care resources.

Entertainment Costs and Field Trips

Pursuant to 2 CFR § 200.438, costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose. TEA interprets this section to include some field trips, depending on the nature and purpose of the field trip. All field trips require the prior written approval of TEA.

TEA’s Guidance Related to Specific Costs (under Allowable Cost Guidance) includes information about allowable and unallowable field trips. District staff will consult these guidelines and secure prior written approval from TEA prior to planning and scheduling any field trips.

Use of Federal Funds for Religion Prohibited

Without exception, federal funds will not be used to pay for any of the following:

- religious worship, instruction, or proselytization
- equipment or supplies to be used for any of those activities 34 CFR §§ 75.532 and 76.532

Use of Federal Funds for Construction or Major Remodeling and Renovation

Federal funds will not be used to purchase real property or for construction unless the costs are specifically permitted by the authorizing program statute or implementing regulations for the program, and the costs are properly budgeted and approved in the applicable federal grant application. 34 CFR § 76.533.

Remodeling and Renovation: Major remodeling and renovation is defined as construction. Therefore, all of the federal requirements apply to any major remodeling or renovation paid with federal funds.
The term *construction* does not include *minor* remodeling and renovation. *Minor remodeling* as defined in 34 CFR Part 77 means

“minor alterations (that do not affect structural supports) in a previously completed building. The term also includes the *extension* of utility lines, such as water and electricity, from points beyond the confines of the space in which the minor remodeling is undertaken but within the confines of the previously completed building. The term does *not* include building construction, structural alterations to buildings, building maintenance, or repairs.”

The purchase of a portable building is a capital purchase (i.e., equipment) and may be allowable under certain federal programs if necessary to carry out the objectives of the grant program, if appropriate for the circumstances, and if approved in the applicable grant application. However, preparing the site for the installation of the portable building, including ground leveling, electrical wiring, plumbing, and constructing a sidewalk and steps, is considered *construction* and is not allowable from a federal grant unless the authorizing federal program statute specifically permits construction and it is approved in the grant application.

If construction and/or major remodeling and renovation are allowable and approved under a particular federal program, there are numerous laws and regulations with which the District must comply. The District will comply with all applicable state and federal laws, regulations, and guidelines for construction and/or major remodeling and renovation, including those found in 34 § CFR 76.600 and in 34 CFR §§ 75.600 - .617, as well as those found in 2 CFR §§ 200.317-327 related to procurement. In addition, the District will comply with requirements under the Department of Labor’s Davis-Bacon and related Acts, as well as bonding requirements specified in 2 CFR § 200.326. Failure to comply with these requirements could result in the repayment of funds.

**Use of Federal Funds Benefitting Students and Teachers in Private Schools**

Many federal programs contain the requirement that equitable services be provided to students and teachers in private nonprofit schools located within the District’s boundaries if the officials of the nonprofit school desire that their children and teachers receive the benefits of those federal programs. In the event that private nonprofit schools wish to participate, there are restrictions with regard to the use and control of funds which benefit
those students and teachers. 34 CFR §§ 76.658 - .662.

The expenditure of all federal funds for the benefit of participating private school students and teachers is directly related to the specific federal program under which private school students and teachers are receiving benefit. The following provisions will be adhered to in the use of federal funds for the benefit of private school students and teachers.

- The District shall maintain continuing administrative direction and control over funds and property that benefit private school teachers and students. No funds will ever be paid to a private school. All goods and services are purchased by the District on behalf of and for use by the participating private school.

- The District will monitor participating private schools to verify compliance with these requirements.

- The District shall not use funds to finance the existing level of instruction in a private school or to otherwise benefit the private school.

- The District shall use funds to meet the specific program needs of students enrolled in private schools, rather than the needs of a private school or the general needs of the students enrolled in a private school.

- The District may use funds to make District personnel available in other than District facilities to the extent necessary to provide equitable program benefits designed for students enrolled in a private school and if those benefits are not normally provided by the school.

- The District may use funds to pay for the services of a private school employee if the employee performs the services outside of his or her regular hours of duty and the employee performs the services under the supervision and control of the District or other public entity.

- Equipment and Supplies
  - The District must keep title to and exercise continuing administrative control of all equipment and supplies that the District acquires with federal funds. The District will only place equipment and supplies in a private school for the period of time needed for the federal grant project. (The equipment and supplies are “on loan” to the private school for the duration of the grant project.)
  - The District will monitor to ensure that the equipment or supplies placed in a private school are used only for the purposes of the project and can be recovered from the private school without remodeling the private school facilities.
  - The District will remove the equipment or supplies from a private school if the equipment or supplies are no longer needed for the purposes of the project or if removal is necessary to avoid use of the equipment or supplies for other than project purposes.
• The District will ensure that federal funds are not used for the construction of private school facilities.

These provisions do not apply to Charter School Districts.

For additional information pertaining to the requirements for participation by students enrolled in private nonprofit schools, see section XI. Programmatic Requirements, A. Private Nonprofit School Participation in this manual.

G. Reporting Expenditures

TEA Grants

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

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

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

Each District employee who reports and/or certifies expenditures in ER is required to have a TEAL (Texas Education Agency Login) username and password to access ER. The District reports cumulative expenditures to date in ER, and the system automatically calculates the amount already paid to the District and the amount owed and generates a payment to the District.

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

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

“By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, or false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812).”

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

The ER system automatically rejects expenditure reports if:

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

TEA (or other agency administering the grant on behalf of TEA) reserves the right to require supporting documentation (such as an accounting ledger) that lists the individual expenditures by object code, as well as invoices, receipts, Expense/Travel Report Forms, and other expenditure documents for expenditures at any time during or after the grant period for as long as the records are retained according to requirements for record retention. The District will be required to reimburse all expenditures that are unsupported by appropriate documentation or found to be unallowable under the grant. Depending upon the severity of noncompliance with allowable cost principles, additional sanctions may be imposed, up to and including termination of the grant and refund of all unallowable costs.
In addition, failure to submit the expenditure reports according to the required reporting
dates could cause the grantee to be identified as high risk and could result in additional
sanctions. (See Part VIII. Monitoring, B. TEA Monitoring, Identification as a High-Risk
Grantee in this manual.)

Refunds Due to TEA

If the final expenditure report indicates that a refund is due to TEA, within 30 days of
notification that a refund is due, the District will submit a refund check to the following
address:

Texas Education Agency—
MSC P.O. Box 13717 Austin
TX 78711-3717

The District will write the name of the grant program and the NOGA ID number on the
refund check and note the reason for the refund (e.g., due to an internal audit or an annual
audit).

Failure to comply with the requirements for submitting a refund within 30 days will result in
an enforcement action by TEA to withhold future payments. 2 CFR § 200.346

Grants from Other Awarding Agencies

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

H. Federal Cash Management Policy/Procedures

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

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

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

**Advance Method**

If the advance payment method is used, the District maintains

- *written procedures* that minimize the time elapsing between the transfer of funds and disbursement by the District, and

- *financial management systems* that meet the standards for fund control and accountability. 2 CFR § 200.305.

In accordance with federal requirements, advance payments are limited to the minimum amounts needed and are timed in accordance with the actual, immediate cash requirements of the District. The timing and the amount of advance payments is as close as is administratively feasible to the actual disbursements by the District. The District also makes timely payment to contractors.

To the extent the District receives advance payments of federal funds as described above, the District will expend (i.e., pay out) the federal funds on allowable expenditures within 3 business days (i.e., 72 hours) of receipt to avoid excess cash on hand and a refund due to TEA (see *Excess Cash on Hand* section below). (Please note that interest starts accruing upon *receipt* of funds. See *Interest Earned on Advances* section below.) Accordingly, the District will not have more cash on hand than is necessary to meet three days’ cash needs. Therefore, the District requests cash no earlier than six working days before actual disbursement of funds and will request only that amount that has already been paid out or will be paid out within three business days once the payment is received from TEA.

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

Prior to each payment request, the Business Manager reviews the general ledger to determine the exact amount of cumulative expenditures to date and reviews and calculates the exact amount of payroll and/or other payables that will be paid out within three business
days once the payment is received. The Business Manager verifies that legible, satisfactory source documentation is on file to support each cost included in the request for payment. Prior to the draw-down request, the Federal Programs Officer/Executive Director reviews and verifies the accuracy of the amount to be requested. The Business Manager logs into the ER system to request payment and Federal Programs Officer/Executive Director certifies that the expenditures are true and correct and that the payment received will be paid out within three business days of receipt in the District’s depository account.

No later than three days after payment was requested, the Business Manager will verify that the payment was received in the District’s depository account. The Superintendent will notify the Business Office that payment has been received and to immediately process said payroll or other payables. The Accounts Payable Clerks will verify all payments to ensure that no funds are being paid out for goods and services not actually received and to verify that all funds received for a particular payment are paid out and do not remain on deposit in the District's account.

When a check is cut, it is registered in JR3 as a payment. The payment is dated and the check is mailed by the next day after it is cut. Payroll checks are actually distributed electronically and are direct deposited on a set payday each month. All purchase orders are set on a 30 date note. All contractors are to be paid within 30 days of receipt of goods or services and a properly prepared invoice.

Advance payments are deposited and maintained in insured accounts whenever possible.

The Charter District maintains all advance payments federal funds in interest-bearing accounts unless the aggregate federal awards are less than $120,000 or the bank account is not expected to earn more than $500 interest in a year.

**Interest Earned on Advances**

The Charter District will calculate interest earned on cash advances upon receipt of advance payments and will remit interest as specified below. Any interest earned on those funds while on deposit in the Charter School’s bank account after receipt and before disbursal will be included in the interest-earned calculation. Total federal grant cash balances will be calculated on cash balances per grant and applying the Charter District’s actual interest rate.

Annually, within 30 days after the end of each fiscal year, the Charter School will remit interest to the federal granting agency. As permitted in the regulations, the Charter School
will retain up to $500 per year for administrative expense.

The Charter School requests their federal fund payments on a reimbursement basis only.

**Excess Cash on Hand**

In addition to remitting interest per the preceding instructions, per TEA’s policy (TEA’s General and Fiscal Guidelines, Return of Interest Earned from Excess Cash on Hand), any funds that are not paid out within three business days of receipt of funds are considered *excess cash on hand*, which must be returned to TEA immediately as a refund. Refunds that are a result of excess cash will be sent to the following address:

Texas Education Agency—
MSC P. O. Box 13717 Austin
TX 78711-3717

Per instructions from TEA, the Charter District will write the name of the grant program and the NOGA ID number on the refund check. The refund will be credited to the NOGA ID from which the excess funds were drawn down. As soon as the district determines that there is excess cash, the Federal Programs Director or designee will submit an Expenditure Report in TEAL that details the amount drawn down previously minus the excess cash. This will recreate a refund report that should be returned to TEA in 10 days.

**Reimbursement Method**

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

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

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

**Noncompliance with Cash Management Requirements**

Pursuant to the provisions of 2 CFR § 200. 339, grantees that fail to comply with
cash management requirements, including the repayment of interest earned, may be subject to the following special conditions or enforcement actions:

- Identification as a high-risk grantee, pursuant to the provisions of 2 CFR § 3474.10 and 2 CFR § 200.208, which may involve the imposition of special conditions and being placed on reimbursement basis only (District would not be able to draw down its own funds in the ER system without first submitting supporting documentation for expenditures)
- Temporarily withholding cash payments pending correction of the deficiency
- Disallowing all or part of a cost not in compliance
- Suspension or termination of the award
- Withholding further awards for future grants from TEA
- Debarment or suspension from receiving any future federal funds from any entity
- Other remedies that may be legally available

I. Program Income

Wayside Schools will not generate any program income earned through a federal grant program.

Definition

Program income means gross income earned by the District that is directly generated by a supported activity or earned as a result of the federal award during the grant’s period of performance. 2 CFR § 200.1.

Program income includes, but is not limited to:

- income from fees for services performed
- the use or rental of real or personal property acquired under federal awards
- the sale of commodities or items fabricated under a federal award (costs to purchase or fabricate items must be allowable under the grant and the activities must be appropriate for the grant program)
- license fees and royalties on patents and copyrights
- principal and interest on loans made with federal award funds

Interest earned on advances of federal funds is not program income. Except as otherwise
provided in federal statutes, regulations, or the terms and conditions of the federal award, program income does not include rebates, credits, discounts, and interest earned on any of these. 2 CFR § 200.1. Additionally, taxes, special assessments, levies, fines, and other such revenues raised by the District are not program income unless the revenues are specifically identified in the federal award or federal awarding agency regulations as program income. Finally, proceeds from the sale of real property, equipment, or supplies are not program income. 2 CFR § 200.307

IV. PROCUREMENT SYSTEM

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

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

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

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

Also in accordance with Module 5, the District’s administrative procedures pertaining to purchasing goods and services shall reflect quality assurance and quality control, including an analysis of products provided through the procurement process, a review of services provided, and a review of vendor performance. Additionally, the District’s purchasing practices and procedures must comply with federal procurement standards, some of which are already incorporated into Module 5. It should be noted that some state requirements for purchasing are more restrictive than the federal requirements. Key state requirements that are more restrictive are noted in this section.

**A. Purchase Orders**

All request for purchases are to be processed through the use of JR3, Accounting Software System, for approval of all district purchase orders. The purpose of having a purchase order system is to obtain proper approvals before commitments are made and to allow for encumbrance accounting and provide budgetary control. Allowing purchases to be made before getting proper approval circumvents the purchasing system and reduces its effectiveness.

District purchase orders are to go through the district approval process prior to an order being placed. Purchase orders are reviewed by the Business Office on a daily basis. There should not be a delay in placing orders if the purchase order meets all district purchasing requirements.

Purchases or orders by staff members without first line chain approval will be considered unauthorized. At the discretion of administration, the employee who made the purchase may be asked to personally assume responsibility for the amount of the purchase.

**B. Purchase Requisition**

In order to procure goods or services, a requisition must be completed at the campus or departmental level through the JR3 accounting system and sent to the Business Office for processing. In addition, all requestors are to complete a *Purchasing with Federal Funds Quick Reference & Checklist* (Appendix 4) to insure proper documentation is submitted based on the five methods for procuring with federal funds. Once all required approvals levels are complete, the requisition will be converted to a purchase order. Requisitions should reach the Business Office at least 2 days prior to the date the purchase order is needed.
The requisitions must be complete and include all necessary information in order for the Business Office to process and convert to a purchase order. Incomplete forms may result in delays for the staff member desiring to make a purchase.

C. **Approval Levels**

- The Business Office cannot approve and convert a requisition into a purchase order until proper approvals are obtained.
- If there is an emergency or need for a purchase order approval immediately, e-mail or call the Business Office for assistance.
- The purchase order serves as a formal order for goods, materials and/or services from a vendor. No staff member should “call in” an order without an approved/signed district purchase order.

D. **Vendor Payment**

No payment will be processed until vendor invoice and package slip is received in Business Office and reconciled to original purchase order. **Checks** will be printed on a **weekly basis on Friday**. To ensure that a check is processed on Friday, all paperwork must be received by the Business Office by **Tuesday**.

E. **Invoices**

Payment will not be made to vendor without proper invoice received by the Business Office. All invoices should be sent to the Business Office immediately upon receipt of merchandise. All vendors should be instructed to send invoice to Business Office address.

**Receiving Procedures**

1. Immediately upon delivery of the merchandise, inspect the boxes for damage. Report any damage to the carrier before signing for delivery. Verify the goods or services received against those ordered on the purchase order.

2. Make corrections on the pink copy such as; quantity received, or an item not received, to ensure that the correct amount is paid. If no corrections are made, it will be assumed that everything was received as ordered, and payment will be made accordingly.

3. If delivery is complete, accept the order by signing and dating all pink copies and return them to the accounts payable department in the Business Office along with any receipts, packing list, etc.
4. If delivery is not complete, it is the responsibility of the receiver to contact the business office.

5. Returns should be made prior to approving the order for payment. Accounts payable should be notified of all returns to ensure that the company issues the proper credits and/or refunds.

6. Cancellation of a purchase order can be done by writing CANCELED on the pink copy of the purchase order and returning it to accounts payable.

7. A monthly review of the outstanding purchase order list helps to ensure that all items received have been properly submitted for processing. Please remember, if late charges have to be paid, they will be charged against the account on the purchase order.

F. General Purchase Order Procedures

1. Purchase Orders are processed as needed. Once a purchase order is approved by the Business Office, the budgeted funds are encumbered at the same time.

2. A purchase order is considered to be only a purchase request until approved by the Chief Financial Officer or designee.

3. Contracts for Purchase will be put into effect by means of a purchase order(s) executed by the Business Office after bids have been awarded to purchase goods or services.

4. The merchandise should not be ordered until the purchase order has been returned to the campus.

5. Once a Purchase Order is issued, the same P. O. number cannot be used for reorders.

6. In the event it is necessary to cancel a Purchase Order, notify the Chief Financial Officer.

7. The Business Office will:
   a. Verify compliance with bid laws
   b. Verify correctness of coding according to the Finance Manual, and
   c. Give final approval if everything is in order.

8. Following final approval, the order may be placed.

9. Notify Chief Financial Officer when all merchandise/goods/services/expectations have been received.
G. Conflict of Interest Requirements

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

Standards of Conduct

State Requirements

According to The Handbook on Purchasing for Texas Public Schools, Junior Colleges and Community Colleges (Module 3 of FASRG, Appendix 1), it is a serious breach of the public trust to subvert the public purchasing process by directing purchases to certain favored vendors, or to tamper with the purchasing process, whether it is done for kickbacks, friendship or any other reason. State law relating to violation of purchasing requirements imposes upon violators certain criminal penalties, which are found in Section 44.032, Texas Education Code, and Chapter 271.029, Local Government Code.

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

1. It is a breach of ethics to attempt to realize personal gain through public employment with a school district by any conduct inconsistent with the proper discharge of the employee's duties.

2. It is a breach of ethics to attempt to influence any public employee of a school district to breach the standards of ethical conduct set forth in this code.

3. It is a breach of ethics for any employee of a school district to participate directly or indirectly in a procurement when the employee knows that:

   • The employee or any member of the employee's immediate family has a financial interest pertaining to the procurement;
   • A business or organization in which the employee, or any member of the employee's immediate family, has a financial interest pertaining to the procurement; or
   • Any other person, business or organization with whom the employee or any member of the employee's immediate family is negotiating or has an
arrangement concerning prospective employment is involved in the procurement.

4. Gratuities: It is a breach of ethics to offer, give or agree to give any employee or former employee of a school district, or for any employee or former employee of a school district to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation of any part of a program requirement or purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy, or other particular matter pertaining to any program requirement or a contract or subcontract, or to any solicitation or proposal therefore pending before this government. Acceptance of gratuities may be construed as a criminal offense.

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

5. Kickbacks: It is a breach of ethics for any payment, gratuity or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor for any contract of a school district, or any person associated therewith, as an inducement for the award of a subcontract or order.

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

7. It is a breach of ethics for any employee or former employee of a school district knowingly to use confidential information for actual or anticipated personal gain, or for the actual or anticipated gain of any person.

Local Government Code, Chapter 176 provides information regarding conflict of interest statements to be filed by vendors and certain school district employees. Refer to the Texas Ethics Commission website for additional information and sample forms.

Federal Requirements

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

No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family related within the third degree by blood (consanguinity) or by marriage (affinity), his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

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

The Charter District shall require that each employee or officer, especially those who may be involved in any way in the purchasing process, sign a written Statement of Conduct including a statement avoiding any real or perceived Conflict of Interest. (Appendix 2)

Any person may report any instance they believe to be a conflicts of interest, both real and potential to the Superintendent. Any instance they believe to be a conflict of interest, both real and potential involving the Superintendent should be reported to the Board.

The Charter District shall remove an employee or officer from a procurement transaction if there is a conflict of interest. The employee or officer, will sign a detailed statement addressing the reason for the conflict of interest and actions take to properly recused him or herself. The Charter District will conduct training on conflict of interest policies. A signed certification is required from an employee acknowledging the policy. For additional information, please consult Board Policy 200.120 and 200.160.
The officers, employees, and agents of the District may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts, unless the gift is an unsolicited item of nominal value. (See state requirements above pertaining to defining “nominal value.”)

Organizational Conflicts

Wayside School operates five charter schools on three campuses as its only business. There is no real or perceived organizational conflicts of interest between the Charter School and its non-profit organization.

2 C.F.R 200.318(c)(2).]

Disciplinary Actions

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

The Superintendent will determine the penalties related to the violation of Conflict of Interest Policies. The consequence for violating the Conflict of Interest Policy might result in termination of employment.

Mandatory Disclosure

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

In addition, the District will disclose, in a timely manner, in writing to TEA or other federal awarding agency, all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the federal award. 2 CFR § 200.113. Upon detection of any fraud, abuse or waste with federal grant funds, Wayside Schools shall promptly notify the proper legal authorities and pursue appropriate criminal and/or civil actions. In addition, Wayside Schools shall report to the granting agency and pass-through entity, the extent of the fraud or violations. In addition, Wayside Schools shall reclassify fraudulent expenditures made with federal grant awards to local district funds, i.e., the General Fund. The Superintendent and/or CFO and/or Wayside Schools shall be responsible for overseeing, reporting and documenting any fraud, abuse or waste of federal grant funds. Failure to make required disclosures can result in any of the remedies described in 2 CFR § 200.339, Remedies for Noncompliance, including Debarment and Suspension.
H. Full and Open Competition

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

In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals (RFPs) are excluded from competing for such procurements. The District does not engage in the following situations that may restrict full and open competition, including but not limited to:

- placing unreasonable requirements on firms in order for them to qualify to do business;
- requiring unnecessary experience and excessive bonding;
- noncompetitive pricing practices between firms or between affiliated companies;
- noncompetitive contracts to consultants that are on retainer contracts;
- organizational conflicts of interest;
- specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and
- any arbitrary action in the procurement process. 2 CFR § 200.319(b)

Bid Specifications

Specifications must contain adequate technical descriptions to clearly identify for prospective bidders the type of material, equipment, or services required. In addition to the detailed specifications, brand names, model numbers, and like descriptions may be referred to as product meeting specifications to inform prospective bidders of the type of quality required. Descriptions must include quantitative data such as size, weight, or volume and qualitative data such as commercial grade texture, finish, strength, chemical analysis, or composition where possible.
The charter does research prior to requesting bids to make sure that the description of the technical requirements are accurate and adequate for the project. The Superintendent is responsible for reviewing the solicitation documents to ensure they meet these requirements.

1. Preparation of specifications shall be the responsibility of the School district. The responsibility of the Superintendent is to review the specifications to ascertain whether competitive bids can be obtained and assure that Board policies and state laws are followed regarding the purchase.

2. Specifications must contain adequate technical descriptions to clearly identify for prospective bidders the type of material, equipment, or services required. In addition to the detailed specifications, brand names, model numbers, and like descriptions may be referred to as product meeting specifications to inform prospective bidders of the type of quality required. Descriptions must include quantitative data such as size, weight, or volume and qualitative data such as commercial grade, texture, finish, strength, chemical analysis, or composition where possible.

If changes or additions are made to the specifications, the information will be shared with all interested vendors. The Charter District will make sure that all interested vendors are given the same information to ensure full and open competition.

The Charter District also complies with the following requirements in 2 CFR 200 to ensure full and open competition when purchasing with federal funds.

**Geographical Preferences Prohibited**

The District conducts federal procurements in a manner that prohibits the use of statutorily or administratively imposed state or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or encourage geographic preference. 2 CFR § 200.319(c). Accordingly, when purchasing with federal funds, the District does not give preference to a contractor/vendor which is located in Texas or the local or surrounding community simply due to the location. Nothing in this section preempts state licensing laws.

When contracting for *architectural and engineering (A/E) services*, geographic location may be a selection criterion provided an appropriate number of qualified firms, given the nature and size of the project, are left to compete for the contract.
Contracting with Small and Minority Businesses

The District takes all necessary affirmative steps to assure that historically underutilized businesses (HUBs), including minority businesses and women’s business enterprises, and labor surplus area firms are used when possible. 2 CFR § 200.321. To accomplish this, the District uses the following required affirmative steps:

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

Prequalified Lists

The District ensures that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. 2 CFR § 200.319(e). The District accomplishes this by conducting internet searches, including using vendor searches available through the Texas Comptroller of Public Accounts, and by using other less technologically-advanced tools to locate and identify potential contractors. The Charter District uses current vendors, vendors that have contact with the school, and vendors available through buying cooperatives to complete our bidder list. Also, the Charter District will not preclude potential bidders from qualifying during the solicitation period. The Superintendent is responsible for reviewing the prequalified lists and determining if they include an adequate number of qualified sources.

Solicitation Language

All solicitations will incorporate a clear and accurate description of the technical
requirements for the material, product, or service to be procured. Such description will not, in competitive procurements, contain features which unduly restrict competition. The description will include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, will set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications will be avoided if at all possible.

When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers will be clearly stated and will identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals. 2 CFR § 200.319(d)

I. Federal Procurement System Standards

In addition to avoiding conflicts of interest and ensuring full and open competition as described above, the District’s written procurement procedures for purchases made with federal funds reflect applicable state and local laws and regulations and conform to the following federal standards for procuring goods and services with federal funds. 2 CFR § 200.318

Avoiding Acquisition of Unnecessary or Duplicative Items

The District avoids the acquisition of unnecessary or duplicative items. Additionally, the District considers consolidating or breaking out procurements to obtain a more economical purchase. And, where appropriate, the District makes an analysis of leases versus purchase alternatives, and other appropriate analyses to determine the most economical approach. 2 CFR § 200.318(d)

These considerations are given as part of the process to determine the allowability of each purchase made with federal funds. See II. Financial Management Standards, F. Expending Grant Funds, Determining Allowability of Costs, for written procedures on determining allowability. The Sr. Director receives guidance on procedures from the Federal Programs Director. The Sr. Director reviews all purchase orders to avoid the purchase of unnecessary or duplicative items. The Sr. Director also reviews all purchase order requests to determine if consolidating or breaking out procurements is needed. The Superintendent is responsible for analyzing leases versus purchase for the Charter School.
Use of Intergovernmental Agreements

To foster greater economy and efficiency, the District enters into state and local intergovernmental agreements where appropriate for procurement or use of common or shared goods and services. 2 CFR § 200.318(e). This includes cooperative purchasing agreements as well as shared services arrangements (SSAs) where practical and beneficial. Cooperative purchasing is described in section 3.20 of Module 5. SSAs as they pertain to a particular grant program are described in section 1.3.1 of Module 1 (FAR).

The Charter District uses research to determine when and if it is more cost efficient or effective to enter into intergovernmental agreements, including cooperative purchasing agreements and/or SSAs. The Business Manager and the Federal Programs Officer/Executive Director makes Federal Grant Policies and Procedures Wayside Schools recommendations regarding cost saving solutions. The Superintendent has final approval of all recommended intergovernmental, cooperatives, and/or cooperative agreements.

Domestic Preferences for Procurements

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

The CFO/Purchasing Administrator shall ensure that vendor preferences are included in all specifications, purchase orders and contracts, as appropriate.

Use of Federal Excess and Surplus Property and Procurement of Recovered Materials

The District considers the use of federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs. 2 CFR § 200.318(f). The Business Manager and Federal Programs Officer/Executive Director will review all excess or surplus property that was purchased with federal funds that is available for use prior to purchasing new equipment or property. The Federal Programs Officer/Executive Director will review the inventory list to determine if use of this equipment will violate any of the specific federal funding requirements for the funds that was used to purchase the equipment. The Federal Programs Officer/Executive Director will make the final determination, based on all available information, that excess or surplus property will be used instead of purchasing new equipment or property.
Procurement of Recovered Materials: In addition, the District complies with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. 2 CFR §200.323. The requirements of section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR Part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition. The requirements apply to state and local governments, including school districts, and include the purchase of everyday items such as paper products, non-paper office products, office furniture, floor mats, and awards and plaques, as well as many other items, where the purchase price of the item exceeds $10,000 or the value of the quantity acquired by the preceding fiscal year exceeded $10,000. Requirements also include

- procuring solid waste management services in a manner that maximizes energy and resource recovery and
- establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

Pursuant to section 6002, the decision not to procure recovered materials must be based on a determination that such procurement items—

A. are not reasonably available within a reasonable period of time;
B. fail to meet the performance standards set forth in the applicable specifications or fail to meet the reasonable performance standards of the District; or
C. are only available at an unreasonable price. Any determination under subparagraph (B) shall be made on the basis of the guidelines of the Bureau of Standards in any case in which the material is covered by the guidelines.

The Charter District will endeavor to procure items that adhere to the EPA’s list of recovered materials, whenever the purchase is reasonable and available.

Awarding Contracts to Responsible Contractors

The District awards contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. The District considers such matters as contractor integrity and business ethics, compliance with public policy, ability to complete the project on time and in accordance with specifications, record of past performance, and the contractor’s financial and technical resources. 2 CFR § 200.318(h) The District will check references where possible and engage in practical activities such as checking with the local Better Business Bureau and the Texas Attorney General’s office to ensure there are no outstanding complaints against
the contractor. The District will award a contract to a contractor who has the appropriate experience, expertise, qualifications, and any required certifications, necessary to perform the work. Contractors should also have the financial resources to sustain the project while the initial work is being completed and during each service period until he or she submits invoices for payment to the District as work is completed (for example, at the end of each month). Contractors should have the proper equipment or the capability to subcontract for the proper equipment necessary to complete the contracted work. For example, if the contractor is to develop curriculum guidelines on a computer, the contractor should already have his or her own computer with the appropriate software.

Debarment and Suspension: The District will not subcontract with or award subgrants to any person or company who is debarred or suspended from receiving federal funds. The Federal Programs Director is required to check for excluded parties at the System for Award Management (SAM) website before any procurement transaction paid with federal funds. This list is located at: http://www.sam.gov/. 2 CFR Part 180 and 2 CFR Part 3485. The Superintendent is required to check for excluded parties when the Charter District carries out the tasks described in this section related to awarding contracts to responsible contractors.

State Rules for Selecting Vendors

In addition to federal standards for making awards only to responsible contractors, TEC § 44.031 establishes nine criteria that school districts must use in determining contract awards to vendors, whether using state, local, or federal funds. All nine criteria must be considered unless federal law prohibits it or is more restrictive as noted below. These criteria are as follows:

1. the purchase price
2. the reputation of the vendor and of the vendor’s goods or services
3. the quality of the vendor's goods or services
4. the extent to which the goods or services meet the district's needs
5. the vendor's past relationship with the district
6. the impact on the ability of the district to comply with laws and rules relating to historically underutilized businesses
7. the total long-term cost to the district to acquire the vendor's goods or services
8. for a contract for goods and services, other than goods and services related to telecommunications and information services, building construction and maintenance, or
instructional materials, whether the vendor or the vendor's ultimate parent company or majority owner:

a. has its principal place of business in this state; or
b. employs at least 500 persons in this state

(Note: Federal requirements prohibit geographic preference when purchasing with federal funds. Therefore, this requirement cannot be used to select a contractor when the purchase is made with federal funds.)

9. any other relevant factor specifically listed in the request for bids or proposals. Factors that a school district may consider under this criteria would include vendor response time and compatibility of goods/products purchased with those already in use in the district.

**Prohibition on Certain Telecommunications & Video Surveillance Services or Equipment**

In accordance with 2 CFR §200.216 that prohibits certain telecommunications and video surveillance services or equipment, the CFO/Purchasing Administrator and the Director of Technology shall review and approve all telecommunication contracts for goods and services with federal grant funds to include the following:

a) Recipients and sub-recipients are prohibited from obligating or expending loan or grant funds to:

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

i) For the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities).

ii) Telecommunications or video surveillance services provided by such entities or using such equipment.

iii) Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or
otherwise connected to, the government of a covered foreign country.

**Contract Provisions**

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

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

2. All contracts greater than $150,000 must address administrative, contractual, or legal remedies.

3. All contracts greater than $10,000 must address termination for cause and for convenience.

4. All construction contracts must include the Equal Employment Opportunity clause.

5. All prime construction contracts in excess of $2,000 must include a provision for compliance with the Davis-Bacon Act and its implementing regulations.

6. All contracts in excess of $100,000 that involve the employment of mechanics or laborers must include a provision for compliance with the Contract Work Hours and Safety Standards Act and its implementing regulations.

7. All contracts that meet the definition of “funding agreement” and where the District wishes to enter into a contract with a small business firm or nonprofit organization must include a provision for compliance with the Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts, and Cooperative Agreements.

8. All contracts and sub grants greater than $150,000 must contain a provision for compliance with the Clean Air Act and the Federal Water Pollution Control Act and their implementing regulations.

9. All contracts must include compliance with the Energy Policy and Conservation Act pertaining to mandatory standards and policies relating to energy efficiency contained in the state energy conservation plan.

10. A contract or subcontract must not be made to any party that is debarred or suspended from receiving federal funds.

11. Lobbying Certification and Disclosure of Lobbying (Byrd Anti-Lobbying Amendment) –All contractors that apply or bid for an award of $100,000 or more must file the required Lobbying Certification that it has not and will not use any federal funds to lobby. If non-federal funds are used to lobby, the contractor must
complete the Disclosure of Lobbying and forward the disclosure to the next tier, who must forward it through each tier to the federal awarding agency.

12. All contracts greater than $10,000 must include compliance with section 6002 of the Solid Waste Disposal Act and its implementing regulations. 2 CFR § 200.323

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

**Maintenance of Procurement Records**

Per Module 5 of FASRG,

“accurate record-keeping and documentation should be a fundamental element of the procurement process. Precise and systematic record-keeping and records management withstands the constant scrutiny of various interest groups including vendors, the general public, and outside agencies as well as internal groups which are the users or customers of the purchasing system. This records management function should support the school district's overall information management plan described in the Data Collection and Reporting module and generally provide for:

- Both the *flow and retention of forms* including requisitions, purchase orders, petty cash and cash reimbursement receipts.

- *Full documentation of all competitive procurements* with comprehensive competitive procurement files containing specifications, competitive procurement advertisement, pre-competitive procurement conference minutes (as appropriate), competitive procurements submitted, competitive procurement tabulation, board minutes indicating competitive procurement awards (or a similar award notice) and related records.

- *Full documentation of procurement procedures* utilized to obtain goods and services through competitive sealed proposals, design/build contracts and other procurement options.

- *Documentation of price quotations* obtained when purchasing with federal funds.

The records management function may rely on electronic formats including automated systems, diskettes, CD-ROM, imaging and microfiche. Alternatively, it may use hard copy or a combination of methods.” Therefore, the District will select the methods best suited to its needs.

In addition, in accordance with federal standards, the District maintains records sufficient to detail the history of all federal procurements, including but not necessarily limited to, the following:
• the method of procurement and the rationale for choosing that method (i.e., the reason the District chose procurement by micro-purchase, small purchase procedures, sealed bid, competitive proposals, or noncompetitive proposals)
• the type of contractual agreement or instrument used and rationale for using that type
• the process used to either select the contractor or to reject the contractor (what was the process and what were the factors considered in selecting or rejecting the contractor; this must be in writing)
• the basis used for determining the price of the contract (including a cost or price analysis), and
• verification that the contractor is not suspended or debarred. 2 CFR § 200.318(i)

Please see section VII. Record Keeping for more information on the District’s records management policies.

**Time and Materials Contracts**

Time and materials contracts are a hybrid of fixed-price and cost-reimbursement contracts. They present the highest risk to the government and the lowest risk to the contractor. Therefore, they are the least desirable for the federal or state government and are rarely awarded. 2 CFR § 200.318(j)

Time and materials type contract means a contract whose cost to the District is the sum of: the actual costs of materials, and direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. In other words, the contractor is saying it will work until the task is completed, but it has no idea how long it will take, nor how much money it will cost. This obviously can be very cost prohibitive and can encourage fraudulent behavior by some unscrupulous contractors. Therefore, federal regulations permit the use of a time and materials contract only after a determination is made that no other contract is suitable and only if the contract includes a ceiling price that the contractor exceeds at its own risk. Further, the District must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

The District may use a time and materials type contract paid with federal funds in accordance with the above and only (1) after a determination that no other contract is suitable; and (2) if the contract includes a ceiling price that the contractor exceeds at its own risk.
Settlements of Issues Arising Out of Procurements

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

Protest Procedures to Resolve Disputes

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

The Federal Programs Officer/Executive Director and/or Business Manager will ensure that all contract and vendor disputes are resolved in the most advantageous manner.

J. Responsibility for Purchasing

The Federal Programs Officer/Executive Director and Business Manager at Central Office is responsible for overseeing all federal procurements of the District. This includes development and revision of the policies and procedures related to the purchasing function, training staff in how to use and implement the policies and procedures, and monitoring for employee compliance with policies and procedures. It also includes reporting any potential or realized conflicts of interest to TEA and implementing the appropriate sanctions or disciplinary actions for employees who fail to comply with the policies and procedures.

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

**The Purchasing Prime Directives**

- Approval for purchases must be made prior to purchase.
- Request for payment without a purchase order approved by the Purchasing Department will become the responsibility of the person ordering the merchandise.

**General Guidelines**

- The Superintendent or his designee must approve purchases via a purchase order number before purchases are to be made.
- Materials for preview must follow the same purchasing procedures as detailed in this section.
- Employees should not purchase materials with their own money with the intention of being reimbursed by the Charter District. Instead, the purchasing procedures outlined in this section should be followed.

**K. Purchase Methods When Using Federal Funds**

In some situations, the federal requirements pertaining to purchasing methods are more restrictive than state of Texas requirements. In other situations, the state requirements are more restrictive than the federal requirements. Therefore, when determining the method that must be used in a particular purchasing situation, the more restrictive method or requirement must be used in each case.

**State Requirements Related to Purchasing Methods**

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

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

The law enumerates several options for **competitive procurement** that are available to school districts. One of these options must be used for contracts expected to equal or exceed $50,000 regardless of the funding source (i.e., state, local, or federal):
1) competitive bidding
2) competitive sealed proposals
3) request for proposals, for services other than construction services
4) inter-local contracts
5) design-build contracts
6) contract to construct, rehabilitate, alter, or repair facilities that involve using a construction manager
7) a job order contract for the minor construction, repair, rehabilitation, or alteration of a facility
8) reverse auction procedure as defined by Section 2155.062(d), Government Code; or
9) the formation of a political subdivision corporation under Section 304.001, Local Government Code."

**Professional and Consulting Services**

Several exceptions to following one of these competitive procurement methods are identified in TEC § 44.031. This section does not apply to a contract for professional services rendered, including services of an architect, attorney, certified public accountant, or engineer (which must be selected in accordance with Chapter 2254 of the Government Code.) A school district may, at its option, contract for professional services rendered by a financial consultant or a technology consultant in the manner provided by Section 2254.003, Government Code, in lieu of the methods provided by this section.

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

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

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

**Consulting services:** According to FAR (Module 1 of TEA’s FASRG), consulting services “refer to the practice of helping districts to improve performance through analysis of existing problems and development of future plans. Consulting may involve the identification and cross-fertilization of best practices, analytical techniques, change management and coaching skills, technology implementations, strategy development, or operational improvement. Consultants often rely on their outsider’s perspective to provide unbiased recommendations. They generally bring formal frameworks or methodologies to identify problems or suggest more effective or efficient ways of performing tasks. Consulting services cover all functional areas such as instruction, curriculum, and administration.

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

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

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

Professional and consultant services are allowable to be purchased with federal funds when reasonable and when the District considers the following factors:

- The nature and scope of the service rendered in relation to the service required;
- The necessity of contracting for the service, considering the District’s capability in the particular area;
- The past pattern of such costs, particularly in the years prior to federal awards;
- The impact of federal awards on the District’s business (i.e., what new problems have arisen);
- Whether the proportion of federal work to the District’s total business is such as to influence the District in favor of incurring the cost, particularly where the services rendered are not of a continuing nature and have little relationship to work under federal awards;
- Whether the service can be performed more economically by direct employment rather than contracting;
- The qualifications of the individual or concern rendering the service and the customary fees charged, especially on non-federally funded activities; and
- The adequacy of the contractual agreement for the service (e.g., description of the service, estimate of time required, rate of compensation, and termination provisions).

**Purchasing Goods or Services with Federal Funds**

In accordance with 2 CFR Part 200, Subpart E, Cost Principles, all purchases made with federal funds, regardless of the method of purchase, must be determined to be:

- *reasonable* in cost (comparable to current fair market value)
- *necessary* to carry out the objectives of the federal program
- *allowable* under the federal cost principles and the terms and conditions of the award
- *allocable* (chargeable or assignable) to the grant program based on the relative benefits received

Prior to each purchase and for each proposed purchase, on each purchase order, purchase requisition, contract, invoice, receipt, Expense/Travel Report Form, or other documentation for obligations, encumbrances, or expenditures, the District documents these criteria are met in the following manner regardless of the purchase method used:

The Business Manager in the Business Office verifies the proposed purchase is *reasonable in cost* (i.e., comparable to current fair market value) by reviewing each purchase order line item by fund account,
description of purchase and amount of purchase to determine if the purchase is reasonable and accurate. The program manager/director assigned to the grant verifies the proposed purchase is necessary to accomplish the objectives of the grant program in that the expenditure is vital or required for the grant program to be successful by determining if the purchase is a need and not a want. The Federal Programs Director will ensure and verify the purchase is necessary, including the documentation that is to be attached, the signature, etc.

**Five Methods for Procuring with Federal Funds**

2 CFR § 200.320 provides for five methods that must be used when making purchases with federal funds. In some cases, these federal methods are less restrictive than state requirements; in other cases, the state requirements are more restrictive than these federal methods. Additionally, if local requirements are more restrictive than either state or federal, then local requirements must be followed. In all cases, the more restrictive requirements or methods must be followed when making purchases with federal funds.

The type of purchase method and procedures required depends on the cost (and type, in some cases) of the item(s) or services being purchased. In addition, all requestors are to complete a *Purchasing with Federal Funds Quick Reference & Checklist* (Appendix 4) to insure proper documentation is submitted based on the five methods for procuring with federal funds.

- Micro-purchase
- Small purchase procedures
- Sealed bids
- Competitive proposals
- Noncompetitive proposals (sole source)

The Charter District must follow both state and local procurement rules. State and local procurement rules are often stricter than federal requirements.

**Micro-Purchases (Purchases up to $10,000)**

Federal methods provide for procurement by micro-purchase. Micro-purchase is defined in 2 CFR § 200.320(a) as a purchase of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed $10,000. The micro-purchase method is used in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost.

In accordance with federal requirements, micro-purchases may be awarded without
soliciting competitive quotations if the District considers the price to be reasonable. Also, when using federal funds, to the extent practicable, the District must distribute micro-purchases equitably among qualified suppliers.

The threshold shall be monitored by expenditures for like-type items in the aggregate over a fiscal year (July 1st through June 30th). The expenditures shall be reviewed from all district funds by like-type item on at least a quarterly basis to monitor that the district does not exceed any like-type item categories. The district has elected to use a coding system for like-type items that is similar to the State of Texas Procurement Commodity Codes, plus locally defined codes that may not exist on the Commodity Codes. A copy of the district "like-type" item categories are in the Exhibit Section. In addition, vendors in the finance system shall be coded to a primary vendor category. Annual expenditures from all district local, state, and federal funds shall be reviewed after the close of the fiscal year to determine if any additional like-type item categories should be added for the following fiscal year.

The District maintains evidence of this reasonableness in the records of all micro-purchases.

**Small Purchase Procedures (Purchases between $10,001 and $49,999 in the Aggregate)**

The federal simplified acquisition threshold is $250,000. 2 CFR § 200.320(b). However, with some exceptions noted in TEC § 44.031, the state threshold for all school district contracts that do not require competitive bidding is less than $50,000 in the aggregate. Therefore, the more restrictive state threshold of less than $50,000 must be followed.

Small purchase procedures (as defined in 2 CFR § 200.320[b]) may be used in those relatively simple and informal procurement methods for securing nonprofessional services, supplies, or other property that do not cost more than $50,000.

For purchases funded from state or local funds, to obtain the most competitive price, a district, may at its option, obtain price quotes for items costing less than $50,000. Per Module 3, the district’s purchasing procedures should clearly define the lower figure for which quotes are required and obtain and retain written verification of the prices quoted. Unlike the mandatory competitive procurement described for purchases over $50,000, if an item to be paid from state or local funds costs less than $50,000, a district may utilize price quotations to stimulate competition and to attempt to receive the most favorable pricing.

However, if using federal funds to purchase goods or services, price or rate quotations must be obtained from an adequate number of qualified sources for all purchases between
$10,001 and $49,999. Such price or rate quotations must be documented in writing, and the District must demonstrate that price or rate quotations were obtained from an adequate number of qualified sources.

**Purchases $50,000 or More in the Aggregate**

According to Texas law, one of the following competitive methods must be used for purchases of $50,000 or more in the aggregate:

1) competitive bidding
2) competitive sealed proposals
3) request for proposals, for services other than construction services
4) inter-local contracts
5) design-build contracts
6) contract to construct, rehabilitate, alter, or repair facilities that involve using a construction manager
7) a job order contract for the minor construction, repair, rehabilitation, or alteration of a facility
8) reverse auction procedure as defined by Section 2155.062(d), Government Code; or
9) the formation of a political subdivision corporation under Section 304.001, Local Government Code.

Each of these competitive methods is described more thoroughly in Module 5 of FASRG.

In addition, one of the three following methods must be used, depending on the circumstance described below, when purchasing with federal funds: sealed bids (formal advertising); competitive proposals; or noncompetitive proposals (sole source).

**Sealed Bids (Formal Advertising)**

Bids are publicly solicited and a *firm fixed-price contract* (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the following conditions apply:

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

If sealed bids are used, the following requirements apply:

• Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids. The invitation for bids must be publically advertised.

• The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond.

• All bids will be opened at the time and place prescribed in the invitation for bids. The bids must be opened publicly.

• A firm fixed-price contract award must be made in writing to the lowest responsive and responsible bidder.

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

**Competitive Proposals**

A competitive proposal is normally used with more than one source submitting an offer, and either a fixed price or a cost-reimbursement type contract is awarded. (A cost reimbursement contract reimburses the contractor for actual costs incurred to carry out the contract.) Competitive proposals are generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

• Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical.

• Proposals must be solicited from an adequate number of qualified sources.

• The District must have a written method for conducting technical evaluations of the proposals received and for selecting recipients.

• Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

When using federal funds, the District may use competitive proposal procedures for qualifications based procurement of architectural/engineering (A/E) professional services whereby competitors’ qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a
potential source to perform the proposed effort.

Noncompetitive Proposals (Sole Sourcing)

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used when using federal funds only when one or more of the following circumstances apply 2 CFR 200.320 (c):

- The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold [2 CFR 200.320 (c)(1)]
- The item is available only from a single source and an equivalent cannot be substituted.
- This must be documented.
- The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation.
- TEA (or other federal awarding agency) expressly authorizes noncompetitive proposals in response to a written request from the District.
- After solicitation of a number of sources, competition is determined inadequate.

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

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

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

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

TEA has approved Education Service Centers in the non-competitive proposal category.

Cost/Price Analysis for Federal Procurements in Excess of $250,000

In accordance with the requirements in 2 CFR § 200.324, the District will make
independent estimates of the goods or services being procured before receiving bids or proposals to get an estimate of how much the goods and services are valued in the current market.

To accomplish this, after bids and proposals are received, but before awarding a contract, the District conducts either a price analysis or a cost analysis, depending on the type of contract, in connection with every procurement with federal funds in excess of $250,000. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation; however, the District will come to an independent estimate prior to receiving bids or proposals. 2 CFR § 200.324(a). The cost analysis or price analysis, as appropriate for the particular situation, will be documented in the procurement files.

Accordingly, the District performs a cost or price analysis in connection with every federal procurement action in excess of $250,000, including contract modifications, as follows:

**Cost Analysis è Non-competitive Contracts:** A cost analysis involves a review of proposed costs by expense category, and the federal cost principles apply, which includes an analysis of whether the costs are allowable, allocable, reasonable, and necessary to carry out the contracted services. In general,

- A cost analysis must be used for all non-competitive contracts, including sole source contracts.
- The federal cost principles apply.
- All non-competitive contracts must also be awarded and paid on a cost-reimbursement basis, and not on a fixed-price basis.
- In a cost-reimbursement contract, the contractor is reimbursed for reasonable actual costs incurred to carry out the contract.
- Profit must be negotiated as a separate element of the price in all cases where there is no competition.

When performing a cost analysis, the Federal Programs Officer/Executive Director negotiates profit as a separate element of the price. To establish a fair and reasonable profit, consideration is given to the complexity of the work to be performed, the risk borne by the contractor, the contractor’s investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work. 2 CFR § 200.324(b).

**Price Analysis è Competitive Contracts:** A price analysis determines if the lump sum price is fair and reasonable based on current market value for comparable products or services. In general,

- A price analysis can only be used with competitive contracts and is usually used with fixed-price contracts. It cannot be used with non-competitive contracts.
- Compliance with the federal cost principles is not required for fixed-price
contracts, but total costs must be reasonable in comparison to current market value for comparable products or services.

- A competitive contract may be awarded on a fixed-price basis or on a cost reimbursement basis. If awarded on a cost-reimbursement basis, the federal cost principles apply and costs are approved by expense category, and not a lump sum.

The Charter District will review all proposed purchases and determine which analysis which will be conducted to receive the best possible deal for the Charter District.

Costs or prices based on estimated costs for contracts are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable costs under the federal cost principles.

L. Purchase Cards (District-Issued Debit/Credit/Pro-Cards)

Wayside Schools does not currently have or use P-Cards. Wayside Schools does not allow the purchase of gift cards with grant funds. No purchase orders will be approved to obtain gift cards using grant funds.

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

In accordance with suggested procedures in Module 5 of FASRG, the District:

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

Segregation of Duties

- Identifies certain employees to be cardholders and others within the same
department to be reviewers of the cardholders’ purchases.

- Does not allow the same employee to buy, receive, approve, and reconcile card purchases.
- Has different employees set up as cardholders and reviewers in the Finance Department system and the banking system.

**Cardholders**

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

**Reviewers**

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

**Monitoring and Oversight**

- Is selective when issuing cards--focus on repetitive, small-dollar purchases.
- Keeps limits as low as possible to accommodate normal business needs. If there is a need to allow for emergency purchases, certain employees can have a higher limit.
- Card reviewers must follow the same high standards applied to cardholders.
- The business office staff reviews the work of the card reviewers, and the list of card users is reviewed annually.
- Uses the software to review the average spent by cardholder, purchases from unauthorized suppliers, purchases shipped to the cardholder’s home, and purchase amounts slightly below purchase limits.
- Reviews reports provided by the debit/credit card programs such as declined authorizations report, disputes report, and lost/stolen card report which can reveal employees in need of additional training or attempting to misuse the card.
- Reviews district-wide activity periodically to identify frequently used vendors or products to consider negotiating volume discounts in order to obtain best prices for
the district.

- Encourages staff to contact the hotline used to report any fraud.

**Documentation Associated with Using District Debit/Credit/Pro-Cards**

Wayside Schools does not currently have or use P-Cards.

Purchases made with debit/credit cards must be closely controlled and monitored to prevent fraud, waste, and abuse. The appropriate and corresponding entries must be made in the general ledger as with any other individual purchase. There must be properly accounting of each debit/credit card.

Refer to II. Financial Management System, E. Accounting Records, Documentation Associated with Using District Debit/Pro Cards, for specific information related to the proper accounting of debit card purchases.

Prior to using any District debit/credit card, employees must have received permission to spend the funds by receipt of a purchase order. (Employees must complete all necessary steps to receive a purchase order, beginning with a submitted requisition to JR3.) Once approval is received from the Finance Department with the issuance of a purchase order, the employee may schedule a time with the Finance Department to check out the card. The employee will have 24 hours to return the debit/credit card to the Finance Office from the time of use and to upload all corresponding receipts into JR3. (If the 24-hour period lands on a weekend, the card should be returned to the Finance Office on the next day of business. Employees who receive and use district-issued debit/credit cards must submit to the Finance Office the original itemized receipt. The itemized receipt constitutes the required original source documentation and must be legible, identifies the date of the transaction, and each item that was purchased. The employee must provide documentation, either on the receipt itself, or in a separate file cross-referencing that particular transaction, how each item was used to benefit the grant program. If the employee does not provide an original, itemized receipt, the expenditure will not be charged to a federal grant.

The District must also maintain all other appropriate internal accounting records, such as Expense/Travel Report Forms, expense reimbursement vouchers, purchase orders, etc., related to the debit/credit card purchase.

The classification of costs by funding source and expense type and the maintenance of adequate original source documentation are necessary for reporting purposes to TEA or other awarding agency. It is also necessary to demonstrate compliance with state and federal cost principles, standards of financial management systems, and conformance with GAAP. Lastly, it is a requirement of the Internal Revenue Code applicable to all business entities.
The District's general ledger will reflect each individual charge on each debit/credit card statement with each of the following:

- The individual vendor name (not just the credit card company name)
- The grant funding source/fund code
- The expense category (i.e., supplies, instructional materials, equipment, travel, etc.)
- The actual date of the charge (as opposed to the billing statement or the date the credit card bill was paid)

All users of the Wayside School debit/credit card assume the responsibilities pertaining to the use and reconciliation of the card. The Corporate debit/credit card shall only be used for school business expenditures. It may not be used for personal purchases and/or cash transactions and shall be maintained by the highest level of security.

Each debit/credit card transaction by any user must be accompanied by appropriate documentation such as original receipts documenting each transaction. All card receipts and statements will be reviewed by an individual other that the individual that used the card. If this individual finds a suspicious purchase, then the Superintendent will be notified. The Executive Director will investigate the suspicious purchase. If the purchase is found to be unallowable, the Executive Director will take action to obtain refunds from individuals who do not use a purchase card correctly. The individual will not be allowed to use the debit/credit cards again.

Rebates on Purchase Cards: Per TEA, any rebates on a district-issued debit/credit card will be credited to the original funding source(s) for which the card is used to make purchases. The District may prorate rebates based on a percentage of the total amount of funds used from each funding source.

M. Contract Administration

The District maintains the following oversights to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. 2 CFR § 200.318(b). The Charter District monitors contractors on an on-going basis to make sure that goods and/or services are delivered in the time and matter specified in the contract.

To ensure proper administration of contracts and any sub-grants that may be awarded by the District, the District uses the following guidelines to determine whether each agreement it makes for the disbursement of federal funds is a contract, whereby funds are awarded
to a contractor, or a sub-award, whereby funds are awarded to a sub-recipient. The substance of the relationship is more important than the form of the written agreement. 2 CFR § 200.331

Sub-awards/Sub-grants

A subaward/subgrant is for the purpose of carrying out a portion of a federal award and creates a federal assistance relationship with the sub-recipient. The District determines who is eligible to receive what federal assistance, and a sub-recipient/subgrantee:

- Has its performance measured in relation to whether objectives of a federal program are met
- Has responsibility for programmatic decision making
- Is responsible for adhering to applicable federal program requirements, and
- In accordance with the sub-grant agreement, uses the federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the District.

Contracts

A contract is for the purpose of obtaining goods or services for the District’s own use and creates for the District’s own use and creates a procurement relationship with the contractor. A contractor:

- Provides goods and services within normal business operations
- Provides similar goods or services to many different purchasers
- Normally operates in a competitive environment
- Provides goods or services that are ancillary to the operation of the federal program, and
- Is not subject to compliance requirements of the federal program as a result of the contract, though similar requirements may apply for other reasons.

The District complies with the following best practices recommended by TEA for all professional services contracts paid with federal funds:

1. The effective dates (i.e., beginning and ending dates) of the contract are within the effective dates of the federal award as stated on TEA’s NOGA. A contract may be negotiated prior to the effective date of the award, but it may not be signed or be effective until on or after the effective date stated on the NOGA.

2. The District may sign a letter of intent with the potential contractor prior to the issuance of the NOGA. The letter of intent must contain a provision that the pending contract is contingent upon receipt of the specific NOGA.

3. To ensure the potential contract is approved by TEA, the contract shall not be
signed until after the NOGA is received by the District.

4. The contract will contain the following provisions (in addition to the Contract Provisions required and identified in III. Procurement System, C. Federal Procurement System Standards, Contract Provisions.

   a. All services will be completed during the effective dates of the contract.
   b. All services will be paid only upon receipt of a proper invoice that coincides with the contract upon verification that the services were satisfactorily performed in accordance with the description in the contract. For ongoing services, payment may be made at the end of every month upon receipt of the invoice. Contractors will not be paid in advance.
   c. 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.
   d. The District complies with the regulations pertaining to procurement in 2 CFR § 200.318 - .324.
   e. The District complies with the provisions in 2 CFR § 200.459 pertaining to allowable professional service costs.
   f. The contract identifies the funding source(s) 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.
   g. The contract identifies and lists only reasonable, necessary, and allocable services to be provided in accordance with the funding sources that will be charged.
   h. The administrative costs charged to the grant in the contract must be reasonable and must comply with any statutory limitations for administrative costs specified in the federal program funding source.

Additionally, the District complies with the Standards of Conduct and Conflict of Interest policies and procedures related to procurement, including the mandatory disclosure of any potential or real conflicts of interest. (See section III. Procurement System, A. Conflict of Interest Requirements.)

**Documentation for Contracts**

The District maintains the following written documentation, at a minimum, for each contract paid with federal funds:

1. A copy of the written, signed contract/agreement for services to be performed
2. The rationale or procedure for selecting a particular contractor
3. Evidence the contract was made only to a contractor or consultant possessing the ability to perform successfully under the terms and conditions of the contract or procurement
4. Records on the services performed – date of service, purpose of service – ensuring that services are consistent and satisfactorily performed as described in the signed contract or purchase order

5. Documentation that the contractor was not paid before services were performed, and

6. Records of all payments made (such as a spreadsheet or report generated from the general ledger), including the total amount paid to the contractor.

The information is maintained by the Business Manager.

**Payment Only After Services Are Performed**

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

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

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

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

By submitting a properly-prepared invoice, the contractor is certifying that it is true and correct.

**Verification of Receipt of Goods and Services Provided by Contractors**

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

**General Purchase Order Procedures**

1. Purchase Orders are processed as needed. Once a purchase order is approved by the Business Office the budgeted funds are encumbered at the same time.

2. A purchase order is considered to be only a purchase request until approved by the Federal Programs Officer/Executive Director or designee.

3. Contracts for Purchase will be put into effect by means of a purchase order executed by the Business Office after bids have been awarded to purchase goods or services.

4. The merchandise should not be ordered until the purchase order has been returned to the campus.

5. Once a Purchase Order is issued, the same P. O. number cannot be used for reorders.

6. In the event it is necessary to cancel a Purchase Order, notify the Business Officer.

7. The Business Office will:
   a. Verify compliance with bid laws
   b. Verify correctness of coding according to the Finance Manual, and
   c. Give final approval if everything is in order.

8. Following final approval, the order may be placed.

9. Notify Business Officer when all merchandise/goods/services/expectations have been received.

   If the purpose of the contract is to purchase services, the Accounts Payable Clerk will verify that the quality and scope of services were received as specified in the contract.

**Prompt Payment to Vendors/Contractors**

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

**N. Submission of Procurement System**

In accordance with 2 CFR § 200.325(b) the District will make available upon request from TEA all procurement documents for pre-procurement review, such as requests for proposals or invitations for bids, or independent cost estimates.

In addition, the District may request (in accordance with the process established by TEA)
that its procurement system be reviewed by TEA to determine whether the system meets federal standards in order for the system to be certified. The District may also self-certify its procurement system in accordance with the provisions in 2 CFR § 200.325(c), which does not preclude TEA’s right to survey the system.

V. PROPERTY MANAGEMENT SYSTEMS

A. Property Classifications

Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the District for financial statement purposes, or $5,000. 2 CFR § 200.1. The District's capitalization level is 5,000.

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

Computing devices means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or “peripherals”) for printing, transmitting and receiving, or storing electronic information. 2 CFR § 200.1.

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

- Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and
- Additions, improvements, modifications, replacements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance). 2 CFR § 200.1.

B. Inventory Procedure

When new inventory is received, the front office of the campus is responsible for checking in all shipments. The office representative contacts the person who requested the material. The office representative inspects the property to make sure it’s in good condition when it arrives and that it matches what is listed on the purchase order and invoice. If the order is incomplete or damaged the vendor is contacted immediately. If the order is complete, the items is then inventoried by the department that ordered it. The packing slip and pink copy of the purchase order are returned to the business office for prompt payment. Items with
a value of $500.00 or more and all technology devices are barcoded and entered into our electronic inventory system.

All equipment is tagged. All computing devices, including highly desirable mobile devices such as laptops, smartphones, and tablets will be tagged and tracked. The district’s technology team is responsible for tagging, configuring and installing technology equipment and computing devices. All other equipment is the responsibility of the maintenance team. The maintenance team is responsible for tagging and installing all other equipment.

C. Inventory Records
For each equipment and computing device purchased with federal funds, the following information is maintained:

- Serial number or other identification number
- Source of funding for the property
- Who holds title*
- Acquisition date and cost of the property
- Percentage of federal participation in the project costs for the federal award under which the property was acquired
- Location, use, and condition of the property, and
- Any ultimate disposition data including the date of disposal and sale price of the property.

*Pursuant to federal regulations, the District holds a conditional title for equipment purchased with federal funds unless a statute specifically authorizes a federal agency to vest title in the District without further obligation to the federal government. Title will vest in the District as long as:

- the District uses the equipment for the authorized purposes of the project until funding for the project ceases, or until the property is no longer needed for the purposes of the project
- the District does not encumber the property without approval of TEA or other awarding agency, and
- the District uses and disposes of the property in accordance with federal rules.

The information above is maintained on an inventory database located on the school’s network. The inventory is updated as new inventory arrives and old inventory is removed. The technology and maintenance teams are responsible for entering it into the fixed asset inventory and for making adjustments to the inventory. The technology and maintenance
teams adjust the inventory records in the event that property is sold, lost or stolen, or cannot be repaired. These teams also request the purchase of replacement property when needed.

D. Physical Inventory

A physical inventory of the property is taken and the results reconciled with the property records every year.

Each year, in the summer, a physical inventory is performed. The technology team and maintenance team performs the physical inventory of equipment. The campus administration performs the inventory of books and teaching material. The inventory consists of checking the property records against the existing physical inventory. After the inventory is complete, a reconciliation is performed between the physical inventory and the property records.

E. Equipment Insurance and Maintenance of Equipment

The District insures equipment acquired or improved with federal funds at the same levels and in accordance with the same policies as provided to equipment purchased with state or local funds unless required to be insured by terms and conditions of the federal grant. 2 CFR § 200.310.

In accordance with 2 CFR § 200.313(d)(4), the District maintains adequate maintenance procedures to ensure that property is kept in good condition.

Repair and Replacement

1. The Charter District will repair, as necessary, items that were purchased with Charter School funds which are fixed assets or which cost $500 or more. Please keep the following guidelines in mind when considering an item for repair or replacement.
   a. Repair
      i. All items submitted for repair will be reviewed on an individual basis. The Charter District typically provides funds for the repair of instructional items or items critical to the operation of a campus which cost $500 or more; however, budget constraints will be considered.
      ii. If the item requiring repair is a fixed asset, it must be properly tagged and on the Charter District’s fixed asset inventory before any repairs can be made.

1. Items purchased directly from an activity fund will not be repaired by the Charter School as they will not be tagged.
2. Any donated items requiring repair must meet the Charter School guidelines for donations.

3. Fixed assets requiring repair will be evaluated to determine if it is more feasible to replace the item than to continue to repair it.

   iii. Repair and/or replacement of items costing $500 or more or fixed assets will be limited to problems that have occurred during the normal operation of the equipment. Equipment that has been damaged or vandalized is the responsibility of the individual campus.

b. Replacement

   i. Items that are considered to be fixed assets and items costing $500 or more purchased with Charter District funds will be considered for replacement using Charter District funds. Individual campuses and departments will be responsible for replacing items which do not fall within these guidelines.

   ii. If an item is to be replaced, only the original amount OR the replacement cost for a similar item, *whichever is less*, will be provided by the Charter School. Should the campus or department wish to “upgrade” the item being replaced, the campus or department will be responsible for providing the additional funds to purchase the “upgrade.”

F. Lost or Stolen Items

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

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

Stolen

   iii. A *police report* must be filed with the Austin Police Department’s Office on any stolen item costing $500 or more or a fixed asset item before the Charter School will replace it. Items stolen that are not a fixed asset, or cost less than $500 will be the responsibility of the campus or department.

   iv. Only the original amount OR the replacement cost for a similar item, *whichever is less*, will be provided by the Charter School. Should the campus wish to “upgrade” the item being replaced, the campus or department will be responsible for providing the additional funds to purchase the “upgrade.”
All property is asset tagged and entered into inventory. All campuses maintain security camera systems to safeguard against loss. All property that is taken off campus is checked out to the person responsible and their responsibility for the property's safety is clearly defined and explained. Staff that are assigned technology devices are required to return them at the end of each year. All students who are assigned technology devices are required to sign them out with their parents' permission. They are given a handbook that explains all requirements of the program including their responsibility for the device. The student devices are also turned in each year at the end of the year. The student devices are etched with the school name and address to reduce theft and loss. If the equipment is lost or suspected to be stolen, an investigation is conducted by the school administration. The information on the lost device is left in the inventory database for the length of the useful life of the device. The school will replace the device as soon as possible to make sure that its loss does not affect the instructional program of the school.

**G. Use of Equipment**

Equipment will be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the federal award. The District will not encumber the property without prior approval of TEA and the federal awarding agency.

When no longer needed for the original program or project, the equipment may be used in other activities supported by the federal awarding agency, in the following order of priority: (1) activities under a federal award from the federal awarding agency which funded the original program or project; then (2) activities under federal awards from other federal awarding agencies.

The Federal Programs Officer/Executive Director and Business Manager will review all excess or surplus property that was purchased with federal funds that is available for use prior to purchasing new equipment or property. The Federal Programs Officer/Executive Director will review the inventory list to determine if use of this equipment will violate any of the specific federal funding requirements for the funds that were used to purchase the equipment. The Federal Programs Officer/Executive Director will make the final determination, based on all available information, that excess or surplus property will be used instead of purchasing new equipment or property.

During the time equipment is used on the project or program for which it was acquired, the equipment will also be made available for use on other projects or programs currently or previously supported by the federal government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by the
federal awarding agency that financed the equipment. Second preference is given to programs or projects under federal awards from other federal awarding agencies. Use for non-federally funded programs or projects is also permissible. However, the original purchase of any equipment to be used in other programs will be properly allocated (i.e., prorated) among the applicable funding sources.

H. Disposal of Equipment and Supplies

Equipment

In accordance with 2 CFR §200.313(e), when it is determined that original or replacement equipment acquired under a federal award is no longer needed for the original project or program or for other activities currently or previously supported by a federal awarding agency, the Federal Programs Director will contact the TEA Chief Grants Administrator or other awarding agency for disposition instructions.

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

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

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

Disposition of equipment will be properly recorded in the fixed asset inventory.

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

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

- Items which are no longer working or cannot be used by another campus or department can be sent to the Maintenance Department.
- The campus or department must call the Maintenance Department to have the item(s) picked up.
- Any computer or computer equipment must be verified non-repairable by Technology before it is deemed to be surplus.
- Equipment purchased with Federal or Grant Funds that have completed their useful life, the Funding Agency must be contacted for proper disposal.
- The superintendent is authorized to declare school property as surplus and to determine the best method of disposal.
- The Operations Director will oversee the sales of the equipment and will ensure the charter school receives the highest possible return.

Supplies

Supplies are all tangible property other than equipment. This includes computing devices. If there is a residual inventory of unused supplies exceeding $5,000 in total aggregate value upon termination or completion of the project or program, and the supplies are not needed for any other federal award, the District will compensate the federal government for its fair share in accordance with procedures established by TEA. The Federal Programs Director will contact the TEA Chief Grants Administrator or other awarding agency for disposition instructions of supplies. 2 CFR § 200.314

VI. WRITTEN COMPENSATION POLICIES

A. Allowable Compensation

Compensation for employees paid from federal funds will be in accordance with the established written policy for compensation for all employees, and the written policy will be consistently applied among all employees, whether paid from state, local, or federal funds. Compensation includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits.

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

1. Is reasonable for the services rendered and conforms to the established written policy of the District consistently applied to both federal and non-federal
activities;

2. Follows an appointment made in accordance with the District’s rules or written policies and meets the requirements of federal statute; and

3. Is determined and supported by documentation that meets the federal Standards for Documentation of Personnel Expenses.

Legal and Local Policies 600.080 cover compensation of all employees of the Charter School.

**B. Reasonable Compensation**

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

**C. Professional Activities Outside the Charter School**

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

1. Charter School activities and
2. Non-Charter School professional activities.

If TEA or other awarding agency considers the extent of non-Charter School professional effort excessive or inconsistent with the conflicts-of-interest terms and conditions of the federal award, appropriate arrangements governing compensation will be negotiated on a case-by-case basis.

Therefore, the Charter School’s policy which governs employees obtaining payment for performing professional services outside the Charter School is incorporated into the Charter School’s written employee compensation policy. Any employee wishing to perform professional services outside the Charter School and receive payment for such services by another entity must complete, sign and submit the Conflict of Interest form prior to agreeing to perform professional services outside the Charter School. The purpose of the
Conflict of Interest form is to disclose the nature of the professional services to be performed outside the Charter School to ensure a conflict of interest does not exist for the Charter School. The completed, signed form will be submitted to Superintendent for review and determination of whether a potential conflict of interest exists. (Appendix 2)

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

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

D. Job Descriptions

Full time personnel paid from grant funds are required to have a job description that clearly notes the grant funding. The grant funded person must sign a semi-annual statement at the end of each semester that states they are aware of the job description and the grant funding.

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

Job descriptions must be updated as new assignments are made. The supervisor must review the job description with the employee upon hiring and as the job description is updated. The employee must sign and date that he or she has read and understands the job description and the programs under which he or she is working. Campus administrators will need to complete an Employee Change Form at the close of the school year for any current employees moved to new positions that will be paid from grant funds.

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

Each year before the start of the school year, all federally funded positions are reviewed to make sure that the positions are filled according the federal guidelines. Prior to the first pay period of the school year, the internal accounting record of each position is reviewed. All employees, who fill these positions, are given a job description to sign and date at the beginning of the year. The Charter School funds positions, not people, so any change that is made in federal personnel requires a change in their job description and funding code.
E. Documentation of Personnel Expenses

Standards for Documentation of Personnel Expenses

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

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

All employees who are paid in full or in part with federal funds must keep specific documents to demonstrate the amount of time they spend on grant activities. This includes an employee whose salary is paid with state or local funds but is used to meet a required match or cost share for a federal program.

These documents, known as time-and-effort records, are maintained in order to charge personnel costs to federal grants. In addition, current and up-to-date job descriptions for each employee are maintained.

Time and Effort Procedures

Single cost objective full time personnel paid from grant funds are required to have a job description that clearly notes the grant funding. Single cost objective positions, if paid less than 100% from a grant with remaining funding for the full time position coming from
general operating funds or another grant, the grant funded person must sign a document at the beginning of each year that states they are aware of the job description and the grant funding. The grant funded person must sign a semi-annual statement at the end of each semester that states they are aware of the job description and the grant funding.

Multiple cost objective full time personnel paid from grant funds are required to have a job description that clearly notes the grant funding. Multiple cost objective positions, if paid less than 100% from a grant with remaining funding for the full time position coming from general operating funds or another grant, the grant funded person must sign a document at the beginning of each year that states they are aware of the job description and the grant funding. The grant funded person must sign a semi-annual statement at the end of each semester that states they are aware of the job description and the grant funding. At the end of each month, these persons are asked to complete the appropriate time & effort document confirming that they did in fact work this percentage on grant activities.

All time & effort reports are completed on paper. The time & effort reports are submitted to their principal for review. After the Principal approves them, the reports are submitted to the Federal Programs Director and Payroll Director for their review. The semi-annual report is reviewed twice a year immediately following the end of each semester. The monthly time & effort documents are the Charter School is required to adjust payroll records and expenditures based on this documentation. This requirement applies to all projects, regardless of funding source, unless otherwise specified. For federally funded projects, time and effort records must be in accordance with the requirements in the applicable EDGAR cost principles.

In an effort to identify and correct human errors on time and effort certificate forms, all supervisors are required to complete and attach a Time and Effort Checklist (Appendix 5) with each submitted form. All supervisors will have to verify their review of key components of the time and effort form prior to signing and submitting it using the Time and Effort Checklist (Appendix 5).

Time & effort documents must contain the following three elements:

- the activity (a brief description of what the employee did)
- time frame (the amount of time it took the employee to do it, and
- funding source/program or other cost objective (the funding source/program/cost objective it will be charged to).

Time-and-effort records must also:

- Be executed after or as the work is completed, and not before
• Account for the total activities of the employee (100% of their time), including employees working part-time schedules or overtime
• Specify the reporting period
• Be signed and dated by the employee.

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

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

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

• **Time-and-effort records** (for employees working on more than one program and/or more than one cost objective)

• **Substitute system**

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

**Semi-Annual Certification**

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

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

**“Cost objective”** means a program, function, activity, award, organizational subdivision, contract, or work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, capital projects, etc. A cost objective may be a major function of the District, a particular service or product, a federal award, or an indirect cost activity. These employees are not required to maintain time-and-effort records. However, each employee must certify in writing, at least semi-annually, that he/she worked solely on the program or single cost objective for the period
covered by the certification. The certification must be signed by the employee or by the supervisor having first-hand knowledge of the work performed and should reference the employee’s signed and dated job description maintained in their personnel file. Charges to the grant must be supported by these semi-annual certifications. The semi-annual certifications are maintained by the Payroll Department of the District.

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

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

The semi-annual certification must:

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

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

Other examples:

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

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

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

- Federal programs
- Title I, Part A
- Title II, Part A
- ESSA
- Working on initiatives and programs that benefit Title I students
- Director of Federal Programs
- Title I Program Director

**Special Note for School-wide Programs:** A Title I, Part A, school-wide program is considered a “single cost objective.” This has different implications depending on the types of funding consolidated on the school-wide program.

**Full Consolidation:** If federal, state, and local funds are consolidated on the school-wide program, neither the semi-annual certification nor time and effort is required. There is no distinction between staff paid with federal funds and staff paid with state or local funds.

**Federal Consolidation:** If only federal funds are consolidated, for the employees funded from the consolidated pool, normally the semi-annual certification would be required. However, if all federal funds included in the consolidation are Ed-Flex programs, then the semi-annual certification for school districts is automatically waived. Note: Not all ESSA programs are Ed-Flex programs.

If one or more of the programs included in the consolidation is not an Ed-Flex program, then the semi-annual certification must be completed for those programs. Note: Not all ESSA programs are Ed-Flex programs. See below for a list of Ed-Flex programs in Texas.

**Title I, Part A (no consolidation):** If only Title I, Part A funds are used on a school-wide basis to serve all of the children on campus, normally the semi-annual certification would be required. However, because Title I, Part A is an Ed-Flex program in Texas, the semi-annual certification is automatically waived for employees paid with Title I, Part A.

If an employee works part of the time on a school-wide program, and part of
the time on a separate federal program or other cost objective, then the
employee must maintain time and effort because the employee is working on
multiple cost objectives.

**Ed-Flex Programs in Texas**

Ed-Flex is a provision that allows the U.S. Secretary of Education to delegate to states the
authority to waive certain federal education requirements that may impede local efforts to
reform and improve education. It is designed to help districts and schools carry out
educational reforms and raise the achievement levels of all children by providing increased
flexibility in the implementation of federal education programs in exchange for enhanced
accountability for the performance of students.

Authorized under the Education Flexibility Partnership Act of 1999, the Ed-Flex waivers
approved for Texas provide relief to grantees from certain *administrative* requirements, as
well as from certain *programmatic* requirements. Refer to the Ed-Flex Waivers page on
TEA’s website for information on Texas’ Ed-Flex waivers.

For example, Texas provides an Ed-Flex statewide administrative waiver for the
applicable programs from the requirement to complete the semi-annual certification
for employees who work 100% of their time on a single grant program or single
cost objective. This is allowable for these applicable programs as long as the
employee’s job description clearly states that the employee is assigned 100% to
the program or cost objective.

The following programs are Ed-Flex programs in Texas (until the end of the 18-19 school
year):

- Title I, Part A (except sections 1111
- Title I, Part C (Migrant Education)
- Title I, Part D (Neglected and Delinquent)
- Title II, Part A, Subparts 2 and 3 (Teacher and Principal Training and Recruiting)
- Title IV, Part A
- Carl D. Perkins Career and Technical Education Act of 2006

**Flex waivers are NOT available for all ESSA programs.** Therefore, relief from the
requirement to complete the semi-annual certification for employees who work 100% of
their time on a single grant program is NOT available for programs not covered under Ed-
Flex. Those employees must maintain time and effort in accordance with the requirements
specified below.
Employees paid with non-Ed-Flex program funds who work 100% of their time on non Ed-Flex program activities must complete the certification every six months and submit it to the Payroll Department.

Employees paid with non-Ed-Flex program funds who work only a portion of their time on non-Ed-flex program activities must complete time-and-effort records and submit them to the Payroll Department at least monthly to coincide with the pay period.

Implementing any of the Ed-Flex waivers for a non-Ed-Flex program will result in findings during an audit or monitoring visit and potentially the repayment of funds.

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

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

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

These employees are required to maintain time-and-effort records or to account for their time under a substitute system (see below). Employees must prepare time-and-effort summary reports at least monthly (or every other week, as applicable) to coincide with pay periods. Such reports must reflect an after-the-fact distribution of 100% of the actual time spent on each activity and must be signed by the employee. Monthly reports must be submitted to the Payroll Department, and charges to payroll must be adjusted at least monthly to coincide with preparation and submittal of expenditure reports.

Examples of employees who work on multiple cost objectives:

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

Note: Daily T&E records can be kept on separate pieces of paper, in a log book, or on a calendar, as long as the records are sufficient to allow the employee to accurately complete the monthly summary report. Daily and monthly T&E records can also be entered and maintained electronically, provided that the electronic reporting system contains the required elements.

Substitute Systems in Lieu of Time-and-Effort Reports

In accordance with 2 CFR § 200.430(i)(5), substitute systems for allocating salaries and wages may be used in place of time-and-effort reports. Substitute systems may include, but are not limited to, random-moment sampling, “rolling time studies,” case counts, or other quantifiable measures of work performed. Substitute systems that use sampling methods must meet acceptable statistical sampling standards. Refer to 2 CFR § 200.430(i)(5) for detailed requirements. The substitute system must be approved by TEA.

Documentation of rationale and calculations for allocating salaries and wages based on a substitute system must be maintained for audit purposes.

TEA Substitute System of Federal Time-and-Effort Reporting for Employees Supported by Multiple Cost Objectives

TEA issued guidance in a letter dated December 12, 2012, pertaining to Substitute System of Federal Time-and-Effort Reporting for Employees Supported by Multiple Cost Objectives. Pursuant to this guidance, employees who work on multiple cost objectives (i.e., more than one federal grant award or more than one cost objective) and who meet certain conditions may complete a schedule at the beginning of the reporting period and a certificate (similar to the semiannual To qualify for this substitute system in lieu of traditional time-and-effort reports, the employee must work on multiple activities or cost objectives (i.e., more than one federal grant award) based on a predetermined, set schedule, which is most likely applicable to classroom teachers or instructional aides. The employee must also normally be required to complete traditional monthly time-and-effort reports. In order for any employees to use this system, the LEA must also submit a Management Certification form to TEA by the specified deadline date each year.

Daily Class Schedules

Daily class schedules for classroom teachers and instructional aides may be used in lieu of time and effort reports for these personnel. Daily class schedules may qualify as a suitable “substitute system” because they provide a “quantifiable measure of employee...
effort.” However, to avoid an audit exception, daily class schedules should be documented as a substitute system in accordance with the procedures described above for TEA’s substitute system.

**Reconciliation and Closeout Procedures**

It is critical for payroll charges to match the actual distribution of time recorded on the monthly certification documents. Grantees may initially charge payroll costs based on budget estimates. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to federal awards, but may be used for interim accounting purposes provided that the system for establishing the estimates produces reasonable approximations of the activity actually performed.

If using budget estimates, the District will periodically, at least quarterly, reconcile payroll charges to the actual time and effort reflected in the employees’ time-and-effort records. If the quarterly (or more frequent) reconciled difference between the actual and budgeted amounts is 10% or greater, two things will occur:

- The Charter School will adjust its accounting records to reflect the costs based on the actual time and effort reported.
- To minimize future differences, the Charter District will revise the budget estimates for the following quarter to reflect the actual distribution, if necessary.

If the reconciled difference is less than 10%, the Charter District will adjust the accounting records annually. But in all cases, the accounting records will be adjusted to reflect actual time-and-effort records. Please note that the 10% variance only governs how often the reconciliation will occur. It does not govern whether or not the reconciliation will occur.

Campus and central administrators managing grant funds that include paid personnel must keep proper time and effort documentation. The Human Resource Director has the appropriate Time and Effort documentation forms with instructions. Wayside Schools is required to adjust payroll records and expenditures based on this documentation. This requirement applies to all projects, regardless of funding source, unless otherwise specified. For federally funded projects, time and effort records must be in accordance with the requirements in the applicable EDGAR cost principles.

At the end of the fiscal year all the time and effort certifications and reports are collected and reviewed by the Federal Programs Director for accuracy and appropriate signatures and dates. The Federal Programs Director will work with the payroll department to make sure that all payroll expenditures changed to federal funds are allocable. The final expenditure report is adjusted when necessary to reflect any changes in the time and effort reports.
Employee Exits

When an employee is separating his or her services from the Charter District, the employee must submit his or her final certification or time-and-effort report prior to leaving the school on their final day. The final report should be submitted when the employee turning in all their district owned materials and equipment.

VII. HUMAN RESOURCES POLICIES

All employees, including those paid with federal funds and those not, will adhere to the District’s written leave policy.

Policy 600.060 Legal and Local addresses how employees are hired (2 CFR § 200.430[a][2]). The Charter School sets a limit, to the extent to which employees may provide professional services outside the Charter School (2 CFR § 200.430[c]). Superintendent approval is needed for all employees to provide professional services outside the Charter School. The Superintendent monitors the employees to make sure that the employee is not compensated by both entities. Policy 600.140 addresses the provision of fringe benefits and costing policy, including leave and insurance, (2 CFR § 200.431[b]-[e]). Policies 600.140 Legal and Local address pension plan costs (2 CFR § 200.431[g]). The Charter School does not pay for post-retirement health benefits (2 CFR § 200.431[h]). The Charter School does not pay its employees severance pay (2 CFR § 200.431[i]); The Charter School currently uses a signing bonus to attract personnel in high need areas and to assist with relocation costs as designated by the Superintendent (2 CFR § 200.463(a), CFR § 200.464).

All employees, including those paid with federal funds and those not, will adhere to the Charter School’s written leave policy. All of our school policies are located on our school web page.

Employee Health and Welfare Costs

Health Insurance increased in 2013 and to help our employees, our district made the decision to accept the insurance expense for every employee on Tier One (2 CFR § 200.437).

There are always nominal increases due to different variables. This is taken into account through the budget process and formulated as required. The food services program is run on a break-even basis. All losses are absorbed by the general fund (2 CFR 200.437).

If the District institutes any mass or abnormal severance pay, the District will request prior written approval from TEA in accordance with 2 CFR § 200.431(i)(2)(ii).
VIII. **RECORD KEEPING**

A. **Record Retention**

In general, records document the use of funds, compliance with program and fiscal requirements, and the performance of the grant. In accordance with 34 C.F.R. §§ 76.730-.731 and §§ 75.730-.731, the District maintains all records that fully show (1) the amount of funds under the grant or sub-grant; (2) how the District uses those funds; (3) the total cost of each project; (4) the share of the total cost of each project provided from other sources; (5) other records to facilitate an effective audit; and (6) other records to show compliance with federal program requirements. The District also maintains records of significant grant project experiences and results. 34 C.F.R. § 75.732. These records and accounts must be retained and made available for programmatic or financial audit.

Pursuant to the provisions in 34 C.F.R. § 81.31(c), the USDE is authorized to recover any federal funds misspent within 5 years before the receipt of a program determination letter. Consequently, in accordance with TEA's General Provisions and Assurances and the statute of limitations, the District retains records for a minimum of seven (7) years from the date on which the final expenditure report is submitted or the ending date of the grant, whichever is later, unless otherwise notified in writing to extend the retention period by TEA or other awarding agency. However, if any litigation, claim, or audit is started before the expiration of the record retention period, the records will be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken. 2 C.F.R. § 200.334

Local governments in Texas, including all school districts, open-enrollment charter schools, and ESCs, are required to implement a **Records Management Policy**, designate a **Records Management Officer** to oversee the policy, and comply with a **Records Retention Schedule**. The Texas State Library and Archives Commission (TSLAC) administers the records management requirements pursuant to the **Local Government Records Act, Local Government Code, Chapters 201-205, and Chapter 441, Subchapter J**, published as Local Government Bulletin D on TSLAC’s website.

The District retains and destroys records in accordance with these requirements. Failure to produce a program or fiscal record for an auditor or monitor during the 7-year retention period will most likely result in an audit or monitoring finding and the repayment of funds for the missing documentation.

**Destruction of Records**

Because records establish compliance with the use of funds and with program and fiscal
requirements, failure to retain the proper records or to dispose of them prematurely can result in monumental problems for the District, including the repayment of all funds associated with the activity, event, decision, or transaction for which the records are missing. In addition, destroying or disposing of a record improperly or prematurely constitutes a Class A Misdemeanor under state law.

The District cannot destroy any record that is involved in an ongoing
• Litigation
• Claim
• Negotiation
• Public information request (PIR)
• Audit or investigation
• Administrative review or hearing

The District’s Records Management Policy includes policy and procedures for disposing of records. Records can only be destroyed in accordance with the Records Retention Schedule adopted by the District. Records that are not on the Records Retention Schedule may require written permission from the TSLAC prior to disposing. Procedures include maintaining a “records disposition log” that identifies the disposition date and method of disposal of each record.

According to Local Government Code, §202.003, confidential records must be burned, shredded, or pulped. Open records can be burned, shredded, pulped, recycled, or buried in a landfill. If a contractor is hired to destroy records, the contractor must comply with all of the state and local government laws pertaining to the destruction of records as if it were the District.

When records reach the end of their designated retention period, they are identified for destruction by shredding. Shredding is the preferred method because the destruction is complete. The process for destruction includes the following steps:

• The Records Management Officer is served with a written Request for Destruction with an attached listing of all records eligible for destruction.
• The Records Management Officer will disseminate a listing of records eligible for destruction to the appropriate Records Coordinator.
• The Coordinator will obtain permission for destruction from the departments designated.
• When approval has been obtained by each Coordinator and returned to the Records Management Officer, the destruction can be scheduled.
B. Records That Must Be Maintained

A *record* is any recorded information that documents school business; it serves as evidence that an activity, event, decision, or transaction occurred. A record must be retrievable at a later date (i.e., for 7 years after the ending date of the grant or after submittal of the final expenditure report, whichever is later).

Not every piece of paper or every piece of data is an *official record*. Materials used for reference are just that – reference materials; they are not records. District personnel must use some judgment in determining whether a record constitutes an "official business record" by looking at the content of the record to determine its value in serving as evidence. A good place to start is by consulting the District’s *Records Management Officer* and *Records Management Policy*. The [title of position] serves as the District’s *Records Management Officer*.

Records are created by the District to support a grant activity and they are retained as evidence of that activity. Records may come in a variety of different forms and may be *created* by the District or be *received* by the District in any medium, including hard copy paper or electronic, audio, or video. Whether the District *creates* it, or *receives* it from someone outside the District, if it documents school operations, it’s a record and must be retained according to the records retention schedule.

Most e-mails are records; telephone messages can be records. The record can be on a computer’s hard drive, on a USB, on a DVD, in a filing cabinet, or on someone’s desk. Even if the record contains confidential information and may be exempt from release under a Public Information Request (PIR), it is still a record and must be retained using proper security procedures to safeguard the confidential data.

Records generally include but are not limited to:

- General correspondence, including letters and e-mail
- Handwritten notes and electronic notes
- Completed forms and reports and the data used to complete the reports
- Personnel documentation
- Websites created by the District
- Audio tapes and video tapes
- Final, complete, and signed (if applicable) documents
- Plans, photographs, or drawings
- Data in spreadsheets and databases
- Financial records, including but not limited to budgets, accounting ledgers, all supporting documentation for expenditures, copies of checks, bank statements,
Records generally do NOT include:

- Convenience copies (extra identical copies created only for convenience of reference or research)
- Drafts of documents
- Copies of documents furnished to the public to fulfill a PIR
- Blank forms/stocks of publications (keep at least one copy for archives to demonstrate compliance or proof of program activities)
- Library or museum materials
- Dispute resolution working files (the final written finding or report is a record)
- Personal or junk e-mail
- Ccs of e-mails (or letters) or convenience copies of e-mails (or letters) (the recipient in the “To” line is the keeper of the official record)

C. Collection and Transmission of Records

It is becoming more common to store records electronically to conserve storage space. Storing records electronically is acceptable and is encouraged. In accordance with the provisions in 2 CFR § 200.336, whenever practical, the District will collect, transmit, and store federal grant-related information in open and machine readable formats rather than in closed formats or on paper. However, TEA or other awarding agency must always provide or accept paper versions of grant related information to and from the District upon request.

When original records are electronic and cannot be altered, there is no need to create and retain paper copies. When original records are paper, electronic versions may be substituted through the use of duplication or other forms of electronic media provided that they are subject to periodic quality control reviews, provide reasonable safeguards against alteration, and remain readable.

The retention period is the same whether the record is paper or electronic. However, a few precautions are in place.

It is permissible to scan hard copies of records and then store them electronically. The District must comply with Electronic Records Standards and Procedures (Local Government Bulletin B on TSLAC’s website) when scanning records. The District's
designated Records Management Officer is aware of these standards. The Operations Director at Central Office is responsible for performing or overseeing the scanning of all records to ensure the following procedures are properly carried out.

Prior to scanning, the employee must ensure that the original document has not been altered in any way. It is permissible to have additional hand-written notes on an original record, but the handwritten notes cannot obscure the contents of the original document in any way.

When scanning records, the employee must conduct visual quality control on each page of each document to ensure the scan is high quality and that it is entirely legible. Even one illegible line, word, or number on a scanned document can render the scanned document as unacceptable by auditors, monitors, TEA, and other oversight agencies.

Once the original has been scanned and the employee has conducted a thorough visual quality control on each page of each document, the scanned version becomes the official record and the originals can be destroyed. However, before destroying any documents, the employee must check with the District’s designated Records Management Official. He or she may wish to confer with legal counsel or the auditor. There may be legal reasons for not destroying the originals. Also before destroying the originals, the employee will want to consider if there is any historical value to retaining the original, and if so, perhaps retain the original for historical purposes.

The employee must also ensure that each scanned document is properly indexed (labeled) so that a specific document can be easily searched and retrieved at a moment’s notice. Failure to properly index a scanned document can result in the inability to retrieve it in a timely manner for audit or monitoring purposes, which could ultimately result in an audit or monitoring finding and the repayment of grant dollars.

The District must also ensure that scanned versions can be preserved over the long term as technology becomes obsolete. The District considers archival quality microfilm for some records.

The Charter District must also ensure that scanned versions can be preserved over the long term as technology becomes obsolete. The Charter District considers archival quality microfilm for some records.

Records that are available only in electronic format are backed up on a regular schedule.
(such as nightly) in another physical location. If the original electronic records are destroyed or lost due to any reason, the backup location will have a duplicate copy of therecords. The Charter District maintains a Records Retention Guidelines, Policies and Procedures Manual. The Charter District uses a district-wide electronic records and content management solution provided by a third party. Current year records are retained on-site until they can be uploaded by school authorized personnel. Archived records are kept off-site by a third party that scans and destroys the paper copy of the document. The quality electronic copy is retained according to required retention period. All electronic records are backed up off site for disaster recovery. All current year and archived records can be submitted electronically to TEA or other awarding agency upon request (2 CFR § 200.336).

D. Access to Records

All grant records are government records and are the property of the District; they are not the personal property of an individual. Records should be easily accessible by all personnel in the District who may need to refer to the documentation for program management, accounting, compliance, audit, or monitoring purposes. With the exception of confidential personnel hiring records, proprietary information of contractors, and confidential student information, all grant information is public information.

Pursuant to the provisions in 2 CFR § 200.337, the District provides TEA or other awarding agency, Inspectors General, the Comptroller General of the United States, the Texas State Auditor’s Office, the Texas Attorney General’s Office, and the US Department of Education staff or their contracted monitors or any of their authorized representatives, the right of access to any documents, papers, or other records of the District which are pertinent to the federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the District’s personnel for the purpose of interview and discussion related to such documents.

Protecting the True Names of Victims of a Crime

Only under extraordinary and rare circumstances would such access include review of the true name of victims of a crime. Routine monitoring would not necessitate access to this information, as it is not considered extraordinary and rare circumstances. When access to the true name of victims of a crime is necessary, appropriate steps to protect this sensitive information must be taken by both the District and the awarding agency. Any such access, other than under a court order or subpoena pursuant to a bona fide confidential investigation, must be approved by the head of the awarding agency or delegate.
The rights of access in this section are not limited to the required retention period but last as long as the records are retained. 2 CFR § 200.337(b)

E. Privacy

The District uses active directory that requires all staff members to sign in to their computer using an individual user name and password. We encourage all staff to lock their computer when they leave their desk. We conduct a yearly Family Educational Rights and Privacy Act (FERPA) training for all staff. When records are requested, we review the request to make sure that the person requesting the information has a legitimate education interest in the student’s records. The Open Records Act is followed for all request for release of public records.

IX. MONITORING

A. Self-Monitoring

The District is responsible for oversight of the operations of the federal award-supported activities. The District is responsible for monitoring its activities under federal awards to assure compliance with applicable federal requirements and to ensure performance expectations are being achieved. This process is known as self-monitoring. Monitoring by the District must cover each program, function, or activity. 2 CFR § 200.329. Additionally, the District must directly administer or supervise the administration of each project. 34 CFR § 76.701

Ongoing monitoring occurs in the course of operations. It includes regular management and supervisory activities and other actions personnel take in performing their duties. The scope and frequency of self-monitoring depends primarily on an assessment of risks and the effectiveness of ongoing monitoring procedures.

Implementing the appropriate and required internal controls and monitoring for compliance with internal controls is one of the District’s tools for self-monitoring. Any discrepancies or deficiencies detected or discovered will be immediately corrected and processes or systems put into place to ensure such discrepancies or deficiencies do not occur again.

Additionally, the District will develop a self-monitoring assessment that will be administered at the end of every year. Corrective actions, including the actions required, the persons responsible, and the target date for completion, will be developed to address any deficiencies. Program monitoring is in place for campuses and departments receiving grant funds. Periodic budget and expenditure report reviews address program implementation progress and identify risks to compliance. These reviews may also identify
the need for an amendment. Central program managers meet with program and financial auditors as required. Corrective actions are taken as identified. At the end of every school year, all expenditures are reviewed for compliance and programmatic issues. A final expenditure report is submitted along with compliance reports based on the data from this final review. Each review is used to improve the program’s effectiveness.

B. TEA Monitoring

Risk Assessment

Pursuant to the provisions in 2 CFR § 200.332(b), TEA, as a pass-through agency, is required to evaluate each sub-recipient’s risk of noncompliance with federal statutes, regulations, and the terms and conditions of the award for purposes of determining the appropriate sub-recipient monitoring. Accordingly, the risk assessment may include:

- The District’s prior experience with the same or similar awards;
- The results of previous audits including whether or not the District receives a Single Audit in accordance with Subpart F of 2 CFR, and the extent to which the same or similar award has been audited as a major program;
- Whether the District has new personnel or new or substantially changed systems; and
- The extent and results of USDE monitoring if the District also receives federal awards directly from the USDE.

Special Conditions

Based on the evaluation of risk, TEA must consider imposing one or more of the following specific conditions upon the District if appropriate:

- Requiring payments as reimbursements rather than advance payments
- Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance
- Requiring additional, more detailed financial reports
- Requiring the District to obtain technical or management assistance
- Establishing additional prior approvals. 2 CFR § 200.208(a)

TEA is required to notify the District as to:

- The nature of the additional requirements
- The reason why the additional requirements are being imposed
• The nature of the action needed to remove the additional requirements, if applicable
• The time allowed for completions the actions, if applicable, and
• The method for requesting reconsideration of the additional requirements imposed.

TEA must promptly remove any special conditions once the condition that prompted them have been corrected.

**Identification as a High-Risk Grantee**

In accordance with the provisions 2 CFR § 3474.10, TEA has the authority to identify the District as a high-risk grantee:

- Based on the results of the risk assessment;
- If the District has a history of failure to comply with the general or specific terms and conditions of a federal award;
- If the District fails to meet expected performance goals;
- If the District is not otherwise responsible.

TEA may impose one or more special conditions as needed to bring the District into compliance.

**Monitoring**

TEA must monitor the activities of the District as necessary to ensure that the award is used for authorized purposes, in compliance with the federal statutes, regulations, and the terms and conditions of the award; and that the award performance goals are achieved. 2 CFR § 200.332(d). Monitoring *must* include:

- Reviewing financial and programmatic reports required by TEA;
- Following up and ensuring that the District takes timely and appropriate action on all deficiencies pertaining to the award provided to the District from TEA detected through audits, on-site reviews, and other means; and
- Issuing a management decision for audit findings pertaining to the award.

Depending on the District’s assessment of risk by TEA, TEA may use the following monitoring tools (not all-inclusive) to ensure proper accountability and compliance with program requirements and achievement of performance goals:

- Performing desk reviews of certain information;
- Providing the District with training and technical assistance on program-related matters;
• Performing on-site reviews of the District’s program operations; and
• Arranging for agreed-upon procedures engages as described in 2 CFR § 200.425 Audit services.

TEA will also consider taking any enforcement action (i.e., remedies for noncompliance) against the District if it is found to be in noncompliance.

**Remedies for Noncompliance**

If the District fails to comply with federal statutes, regulations, or the terms and conditions of the award, the USDE (for direct grants) or TEA (for state-administered grants) may impose one or more of the conditions described in *Special Conditions*. In addition, TEA may take one or more of the following actions, as appropriate in the circumstances:

- Temporarily withhold cash payments pending correction of the deficiency by the District or more severe enforcement action by the USDE or TEA.
- Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.
- Initiate suspension or debarment proceedings as authorized under 2 CFR Part 180 and USDE regulations (or in TEA’s case, recommend such a proceeding be initiated by the USDE).
- Withhold further federal awards for the project or program.
- Take other remedies that may be legally available.

2 CFR § 200.339

**C. Sub-Recipient Monitoring**

In the event that the District awards sub-grants to other entities, it is responsible for monitoring those grant sub-recipients to ensure compliance with federal, state, and local laws. Monitoring is the regular and systematic examination of all aspects associated with the administration and implementation of a program. Each program office that awards a sub-grant must have its own monitoring policy. This policy must ensure that any monitoring findings are corrected.

**The Charter School does not award sub-grants as a regular course of action.**

If the Charter School were to award any sub-grants, the Federal Programs Officer/Executive Director would be responsible for monitoring the sub-grantee’s compliance with
federal, state, and local laws. The Federal Programs Officer/Executive Director would work with the sub-grantee to make sure that they follow all required federal, state, and local laws. All non-compliance of the sub-grantee would be reported to the Superintendent immediately.

X. **AUDITS**

A. **Annual Independent Audit**

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

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

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

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

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

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

In addition to the state-mandated annual audit, federal regulations require that grantees obtain audits in accordance with 2 CFR Part 200, Subpart F – Audit Requirements. The audits must be made by an independent auditor in accordance with generally accepted government auditing standards (GAGAS). Awarding agencies, including TEA, are required to determine whether their grantees have met the audit requirements.

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

TEA as a state agency must also

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

Who Is Required to Have a Single Audit?

School districts, ESCs, and open-enrollment charter schools that expend **$750,000** or more total in federal awards (i.e., all of the expenditures added together for all of the federal grants) during the fiscal year are required to have a Single Audit conducted *in addition to and in conjunction with* the annual independent audit.

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

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

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

During a Single Audit, the auditor examines

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

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

Auditors use the suggested audit procedures in the Audit Compliance Supplement to test general compliance requirements for each federal program selected for audit during the Single Audit or program-specific audit process. Program and fiscal managers should be aware of the requirements and what the auditor may look for so they can be properly prepared. Auditors may potentially interview program managers and fiscal managers to solicit evidence of compliance with certain requirements.

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

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

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

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

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

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

Preparation for the annual audit by a Charter School should begin with the preparation and adoption of the budget and continue throughout the year. A listing of suggested schedules and documents that should be prepared, collected and provided to auditors that may enhance the performance of the annual audit includes:

- Copies of the budget and amendments as adopted
- Copies of the minutes of each board meeting and monthly financial statements
- Copies of an organizational chart showing lines of responsibility
- Copies of the school district's flow chart documents
- Copies of bank reconciliations for each bank account
- List of all depositories and their addresses, including bank account numbers and account names
- List of all investment transactions by fund for the year
- List of outstanding encumbrances which were closed out and included the succeeding budget
- Schedule of insurance in effect which should include names of companies, type of coverage, inclusive dates of the policies, and total cost per policy
- Reconciliation of payrolls and related accounts such as payroll taxes and retirement deductions
- Copies of new bond issues and details of bond sales consummated
- Copies of teacher contracts and leave schedules if appropriate
• Copies of lease agreements
• Copies of trial balances and, if possible, the financial statements, footnote disclosures and combining schedules
• Copies of the prior year audit report and other audit reports prepared by the internal auditors or other government auditors/agencies

In addition to the listed items, the Charter School should make available to the auditor schedules prepared to support the financial statements or notes to the financial statement amounts. The Charter School should supply other information that may be requested by the auditor. Early agreement on the scope and nature of the information requested is recommended.

Upon the acceptance or continuation of an audit engagement by an independent auditor, the terms of the engagement must be established. These terms may be expressed by the independent auditor in an engagement letter addressed to the board of trustees.

The Charter School must make sure that the auditors understand that the audit will be conducted according to GAGAS, if the auditor is expected to meet this requirement (TEA requires that audits of Texas school districts meet this requirement).

The independent auditor may decide to hold a pre-audit or entrance conference with the school district to discuss the responsibilities of both the auditor and the school district. Items which may be discussed at the pre-audit conference include the following:

• Introduction of the audit staff
• New accounting and financial reporting standards that the district has implemented or is required to implement
• Time schedule of the audit, including the following relevant dates:
• Closing of the books of account
• Start of the audit
• Delivery of the report
• Board meeting
• Reports to be provided by the independent auditor pursuant to the terms outlined in the engagement letter
• Effect of new auditing requirements or audit procedures or the scope of the audit Purpose, nature, scope, and limitations of the audit
• The district's responsibilities:
  • To provide required schedules
  • To prepare the basic financial statements, RSI, including MD&A and supplementary information other than RSI
• To identify component units that should be reported in the entity's financial statements
• To adjust the financial statements to correct material misstatements and to affirm to the auditor in the representation letter that the effects of any uncorrected misstatements aggregated by the auditor are immaterial
• To identify compliance requirements that have a direct and material effect on amounts and to disclose applicable instances of noncompliance
• To identify related party transactions and determine the appropriate reporting requirements
• To comply with any industry association certificate program requirements (if applicable) for the comprehensive annual financial report (CAFR)
• To provide a management representation letter outlining management responsibilities

During the planning process, the independent auditor should determine whether the school district is subject to additional audit requirements that are not included in the terms of the engagement. If the auditor determines that an additional audit is required, the auditor should inform the management of the school district and the terms of the engagement should be modified.

C. Audits and Special Investigations Conducted by TEA or by Another Regulatory Agency

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

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

The Comptroller General of the United States is the Director of the U.S. Government Accountability Office (GAO). GAO is an independent, nonpartisan agency that works with Congress. GAO ensures fiscal and managerial responsibility of the federal government by investigating how the federal government spends taxpayer dollars.
In addition, the Office of Inspector General (OIG) at the USDE may conduct an audit, investigation, or other activities to promote the efficiency, effectiveness, and integrity of the Department’s programs and operations. Anyone knowing of fraud, waste, or abuse of federal education funds is able to contact the OIG Hotline to make a confidential report.

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

**District Procedures for Reporting Fraud, Waste, or Abuse**

*Reports*

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

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

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

*Fraud Investigations*

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

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

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

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

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

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

XI. PROGRAMMATIC FISCAL REQUIREMENTS

A. Supplement, Not Supplant

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

**What Does Supplement, Not Supplant Mean?**

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

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

**Rebutting the Presumption of Supplanting**

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

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

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

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

**Supplement, Not Supplant on School-wide Programs**

The fiscal requirements for supplement, not supplant are slightly different for Title I school-wide programs than for Title I Targeted Assistance schools. In a Title I Targeted Assistance school, the District must identify low-achieving students and provide additional, supplemental services only to those identified students. In no case can federal funds replace state and local funds. (Refer to the archived USDE guidance on Targeted Assistance Schools for more information.) Unlike a Targeted Assistance program, however, a school-wide program is not required to select and provide supplemental services to specific children identified as in need of services. A school operating a school-wide program does not have to

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

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

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

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

**How to Document Compliance for an Auditor**

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

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

Procedures for Complying with Supplement, Not Supplant

The Federal Programs Director is responsible for reviewing planned budgets, grant applications, program plans, and school-wide plans/school improvement plans, to determine that costs budgeted and activities planned do not constitute a supplant. At the start of each fiscal year, the Federal Programs Director or designee will complete the Title I Supplement, Not Supplant Methodology and have it on file for auditors.

The Federal Programs Director monitors all purchases that are made with federal funds to make sure that all items are coded correctly. All miscoding should be caught prior to a purchase order being issued. If a purchase that supplants funds is discovered, the Federal Programs Director will make a request to the business office to recode the items to the general fund. The Federal Programs Director will notify the Sr. Director that supplanting has taken place, and reiterate the rules regarding supplement, not supplant. The Federal Programs Director will review all expenditure reports to make sure that funds have not been drawn down. If funds have been drawn down for the supplanted item, than a corrected expenditure will be created through TEAL. The Expenditure report will be submitted to the Business Office for prompt refund of funds to TEA.

B. Maintenance of Effort (MOE)

MOE is one of the fiscal requirements, similar to supplement, not supplant, that ensures that federal funds are used to provide services that are in addition to the regular services normally provided by a District. If MOE is a requirement, it will be included in the authorizing program statute. For example, for most ESSA programs, the MOE requirement is included in Title IX, General Provisions, Part E, Subpart 2, § 9521.

MOE means the District must maintain its expenditures for public education from state and local funds from year to year. A district cannot reduce its own state and local spending for public education and replace those funds with federal funds.

For most federal programs for which MOE applies, such as Title I, Part A, the District's combined fiscal effort per student, or the aggregate expenditures of the District with the respect to the provision of a free public education for the fiscal year preceding the fiscal year for which the expenditures for the second fiscal year preceding the fiscal year for which the determination is made. (Note: The MOE requirements are different for some grant programs, such as IDEA-B [Individuals with Disabilities Education Act, Part B]).

MOE is based on actual expenditures from State and local funds, not on budgeted amounts. The District is responsible for maintaining effort and for documenting compliance.
with MOE. TEA will verify the District’s MOE using fiscal information obtained through the Public Education Information Management System (PEIMS) database.

**Expenditures Included in the Determination of MOE**

In determining whether the District has maintained fiscal effort, TEA must consider the District’s expenditures from State and local funds for free public education. These include expenditures for

- administration
- instruction
- attendance services
- health services
- pupil transportation services
- operation and maintenance of plant
- fixed charges
- net expenditures to cover deficits for food services
- net expenditures to cover deficits for student body activities 34 CFR § 299.5(d)(1)

TEA calculates MOE for school districts and open-enrollment charter schools. TEA includes expenditures for the following functions (specified in FAR) in determining whether the District has met the MOE requirement:

<table>
<thead>
<tr>
<th>Category</th>
<th>Function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>11</td>
</tr>
<tr>
<td>Instructional Leadership (previously Administration)</td>
<td>21</td>
</tr>
<tr>
<td>Instructional Leadership (previously Administration)</td>
<td>12</td>
</tr>
<tr>
<td>Curriculum Development and Instructional Staff Development</td>
<td>13</td>
</tr>
<tr>
<td>School Leadership</td>
<td>23</td>
</tr>
<tr>
<td>Guidance and Counseling Services</td>
<td>31</td>
</tr>
<tr>
<td>Social Work Services</td>
<td>32</td>
</tr>
<tr>
<td>Health Services</td>
<td>33</td>
</tr>
<tr>
<td>Student (Pupil) Transportation</td>
<td>34</td>
</tr>
<tr>
<td><strong>Deficits</strong> for Curricular/Extracurricular Student Body Activities</td>
<td>36</td>
</tr>
<tr>
<td><strong>Deficits</strong> for Food Services</td>
<td>35</td>
</tr>
<tr>
<td>General Administration</td>
<td>41</td>
</tr>
<tr>
<td>Plant Maintenance and Operation</td>
<td>51</td>
</tr>
<tr>
<td>Data Processing Services</td>
<td>53</td>
</tr>
</tbody>
</table>

**Expenditures Excluded from the Determination of MOE**

The following expenditures are *excluded* from the determination of MOE:

- community services
• capital outlay
• debt service
• supplemental expenses made as a result of a Presidential declared disaster
• any expenditures made from federal funds 34 CFR § 299.5(d)(2)

“Preceding Fiscal Year” Defined

For purposes of determining MOE, regulations specify that the “preceding fiscal year” is the federal fiscal year, or the 12-month fiscal period most commonly used in a State for official reporting purposes, prior to the beginning of the federal fiscal year in which funds are available. TEA calculates MOE using State and local expenditures for the state fiscal year, or September 1 through August 31. 34 CFR § 299.5(c)

Failure to Meet MOE

If the District fails to meet MOE for ESSA programs for any given fiscal year, the award amount is reduced in the exact proportion by which the District did not meet MOE. The Secretary of Education may waive the requirements for one year due to exceptional or uncontrollable circumstances, such as natural disaster, or a precipitous decline in the financial resources of the District

Procedures for Complying with MOE

The District complies with guidance provided by TEA pertaining to MOE for ESSA programs and for IDEA-B. The Charter School complies with guidance provided by TEA pertaining to MOE for ESSA programs and for IDEA-B.

The Federal Programs Officer/ Executive Director and the Business Manager monitor that categorical funding expenditures on a regular basis. MOE is considered during the creation of the yearly budget. A report is created and presented to the board of trustees on a monthly basis that show the percentage of funds expended year to date. This data is monitored closely and adjustments are made when needed to meet MOE. The Business Manager will work closely with the Federal Programs Officer/ Executive Director to request a waiver from USDE if deemed necessary. The Federal Programs Officer/ Executive Director will review and revise the grant budget as needed. If the Charter School misses MOE, the Federal Programs Officer/ Executive Director will create strategies to address meeting MOE in the future.
C. Comparability of Services

Comparability of Services: 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 Every Student Succeeds Act of 2015 (ESSA). 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, 2017]

Test for Comparability- The Grants Management Department, in collaboration with the Finance Department, shall conduct the comparability test on an annual basis and complete the Title I Part A Comparability Assurance Document (CAD). NOTE: If Wayside Schools determines that it is exempt from the comparability requirements, the Grants Management Department shall note the exemption on the CAD and submit it to TEA. If Wayside Schools is not exempt, the finance department shall complete and submit the Comparability Computation Form (CCF) to TEA by the mid-November annual deadline. In completing the CAD and CCF, the Grants Management Department shall follow the process outlined below:

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

If TEA determines that Wayside Schools is non-compliant, the Grants Management and Finance Departments shall work collaboratively to address the non-compliance. In addition, Wayside Schools shall adjust the budgets as appropriate to until Wayside Schools is in compliance with the comparability requirement.
XII. PROGRAMMATIC REQUIREMENTS

A. Private Nonprofit School Participation
Charter Schools are not required to use Federal Funds in Private Schools.

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

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

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

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

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

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

The Charter School's Federal Programs Officer/Executive Director conducts an annual review of all federal programs to determine if there are any barriers to equitable participation by all students. If barriers are identified, the school takes immediate action to address these barriers. The Charter School will develop strategies to eliminate all barriers in a timely manner. The Charter School Federal Programs Officer/Executive Director will monitor the program to ensure the strategies are carried out and that the barriers have been eliminated.

C. Civil Rights and Prohibition of Discrimination
Several federal civil rights laws prohibit discrimination in programs or activities that receive
federal funds from the USDE. These laws prohibit discrimination on the basis of race, color, and national origin; sex; disability; and age. The civil rights laws extend to all state educational agencies, elementary and secondary school systems, colleges and universities, vocational schools, proprietary schools, state vocational rehabilitation agencies, libraries, and museums that receive USDE funds. Wayside School’s CTE Non-Discrimination Policy is detailed at https://waysideschools.org/required-postings/cte/.

D. Program Reporting

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

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

Federal regulations also require that grantees, in this case, TEA, submit, at a minimum, annual performance reports to the federal awarding agency. 2 CFR § 200.329. The federal awarding agency may also require quarterly or semi-annual reports. Performance reports must contain, for each grant, brief information on the following:

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

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

In addition, events may occur between the scheduled performance reporting dates which have significant impact upon the grant activities. 2 CFR § 200.329(e). In such cases, the regulations require the District to inform TEA, and TEA to inform the USDE or other federal awarding agency, if appropriate, as soon as either of the following conditions become known:

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

The USDE or TEA may make site visits as warranted by program needs.

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

**XIII. LEGAL AUTHORITIES AND HELPFUL RESOURCES**

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

- Education Department General Administrative Regulations (EDGAR)  

- Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 200)  
  [http://www.ecfr.gov/cgi-bin/text-
  idx?SID=6214841a79953f26c5c230d72d6b70a1&tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?SID=6214841a79953f26c5c230d72d6b70a1&tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)

- USDE’s Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 3474)  
  [http://www.ecfr.gov/cgi-bin/text-
  idx?SID=be24d843a89f91b635618eb7a061c560&node=pt2.1.3474&rgn=div5](http://www.ecfr.gov/cgi-bin/text-idx?SID=be24d843a89f91b635618eb7a061c560&node=pt2.1.3474&rgn=div5)

- Federal education program statutes, regulations, and guidance  

**XIV. APPENDIX**

Appendix 1-Organization Chart of the District  
Appendix 2-Conflict of Interest Policy/Form  
Appendix 3-Expense/Travel Report Form  
Appendix 4-Purchasing with Federal Funds Quick Reference & Checklist  
Appendix 5-Time and Effort Checklist  
Appendix 6-Requisition/Purchase Order Form  
Appendix 7 -Commodity Codes Used to Track Aggregate Totals of "Like-Type" Purchases
APPENDIX
CONFLICT OF INTEREST QUESTIONNAIRE
For vendor doing business with local governmental entity

This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.

This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a).

By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code.

A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.

1. Name of vendor who has a business relationship with local governmental entity.

2. [ ] Check this box if you are filing an update to a previously filed questionnaire. (The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)

3. Name of local government officer about whom the information is being disclosed.

   Name of Officer

4. Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. Complete subparts A and B for each employment or business relationship described. Attach additional pages to this Form CIQ as necessary.

   A. Is the local government officer or a family member of the officer receiving or likely to receive taxable income, other than investment income, from the vendor?

      [ ] Yes [ ] No

   B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local governmental entity?

      [ ] Yes [ ] No

5. Describe each employment or business relationship that the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more.

6. [ ] Check this box if the vendor has given the local government officer or a family member of the officer one or more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1).

7. Signature of vendor doing business with the governmental entity

   Date

Form provided by Texas Ethics Commission

www.ethics.state.tx.us

Revised 11/30/2015

Appendix 2
CONFlict of INTEREst QUESTIONNAIRe
For vendor doing business with local governmental entity

A complete copy of Chapter 176 of the Local Government Code may be found at http://www.statutes.legis.state.tx.us/Docs/FG/hm/LG.176.htm. For easy reference, below are some of the sections cited on this form.

Local Government Code § 176.001(t-a): "Business relationship" means a connection between two or more parties based on commercial activity of one of the parties. The term does not include a connection based on:
   (A) a transaction that is subject to rate or fee regulation by a federal, state, or local governmental entity or an agency of a federal, state, or local governmental entity;
   (B) a transaction conducted at a price and subject to terms available to the public; or
   (C) a purchase or lease of goods or services from a person that is chartered by a state or federal agency and that is subject to regular examination by, and reporting to, that agency.

Local Government Code § 176.003(a)(2)(A) and (B):
   (a) A local government officer shall file a conflicts disclosure statement with respect to a vendor if:

   (2) the vendor:
       (A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds $2,500 during the 12-month period preceding the date that the officer becomes aware that
           (i) a contract between the local governmental entity and vendor has been executed; or
           (ii) the local governmental entity is considering entering into a contract with the vendor;
       (B) has given to the local government officer or a family member of the officer one or more gifts that have an aggregate value of more than $100 in the 12-month period preceding the date that the officer becomes aware that:
           (i) a contract between the local governmental entity and vendor has been executed; or
           (ii) the local governmental entity is considering entering into a contract with the vendor.

Local Government Code § 176.006(a) and (a-1):
   (a) A vendor shall file a completed conflict of interest questionnaire if the vendor has a business relationship with a local governmental entity and:
       (1) has an employment or other business relationship with a local government officer of that local governmental entity, or a family member of the officer, described by Section 176.003(a)(2)(A);
       (2) has given a local government officer of that local governmental entity, or a family member of the officer, one or more gifts with the aggregate value specified by Section 176.003(a)(2)(B), excluding any gift described by Section 176.003(a-1); or
       (3) has a family relationship with a local government officer of that local governmental entity.
   (a-1) The completed conflict of interest questionnaire must be filed with the appropriate records administrator not later than the seventh business day after the later of:
       (1) the date that the vendor:
           (A) begins discussions or negotiations to enter into a contract with the local governmental entity; or
           (B) submits to the local governmental entity an application, response to a request for proposals or bids, correspondence, or another writing related to a potential contract with the local governmental entity; or
       (2) the date the vendor becomes aware:
           (A) of an employment or other business relationship with a local government officer, or a family member of the officer, described by Subsection (a);
           (B) that the vendor has given one or more gifts described by Subsection (a); or
           (C) of a family relationship with a local government officer.
**EXPENSE /TRAVEL REPORT**

Please Note: You must provide support for all expenses listed. Please fully complete report. Incomplete form will be returned and may delay reimbursement. Please indicate what expense were charge with a Wayside School debit/credit card & attach the corresponding charge receipts.

<table>
<thead>
<tr>
<th>Department:</th>
<th>Date Submitted:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget Source#1</td>
<td>Name of Claimant:</td>
</tr>
<tr>
<td>Budget Source#2</td>
<td>Place of Travel:</td>
</tr>
<tr>
<td>Budget Source#3</td>
<td>Dates of Travel:</td>
</tr>
<tr>
<td>Purpose of Travel:</td>
<td></td>
</tr>
</tbody>
</table>

**ACTUAL EXPENSE DISTRIBUTION**

<table>
<thead>
<tr>
<th>DATES</th>
<th>MONDAY</th>
<th>TUESDAY</th>
<th>WEDNESDAY</th>
<th>THURSDAY</th>
<th>FRIDAY</th>
<th>SATURDAY</th>
<th>Category Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airfare</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Auto Mileage (miles per day)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>@ per mile</td>
<td>0.58</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Auto Rental</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Taxi/Ground Transportation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Lodging</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Meals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Tips</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Parking</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Gas</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Other Expense(s):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Daily total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>

I certify that the amounts listed above were expended for and during the trip/travel in accordance with the School's expenditure policies, and that each amount shown is correct.

<table>
<thead>
<tr>
<th>PO#</th>
<th>Check #</th>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL EXPENSES** $ -

**LESS ADVANCES**

**AMOUNT DUE TO CLAIMANT**

**AMOUNT DUE TO Wayside-**

**Attach Receipt** $ -

* Allow 7 -10 working days for reimbursement

**For Finance Office Use Only, to be charged:**

<table>
<thead>
<tr>
<th>Account #</th>
<th>Amount:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Appendix 3
When planning to make a purchase for goods and/or services, it is required to determine the procurement method required to “justify” the purchase, in accordance with any applicable Federal, State, and/or local laws, regulations, policies and/or procedures. The type of purchase method and procedures required depends on the cost (and type, in some cases) of the item(s) or services being purchased.

### SAM.gov for SAM Check

#### PROCUREMENT CATEGORY

<table>
<thead>
<tr>
<th>PROCUREMENT CATEGORY</th>
<th>PROCUREMENT DESCRIPTIVE</th>
<th>SOURCING DOCUMENTS REQUIRED</th>
<th>Checklist</th>
</tr>
</thead>
</table>
| **Micro Purchase**   | Contracts for goods and/or non-professional services valued from $0-$10,000. Micro-purchases may be awarded without soliciting competitive quotations if the District considers the price to be reasonable. | 1. No competitive quote needed.  
2. Service contract required (if applicable)  
3. SAM check required (if applicable)  
4 Purchase Order | ❑ Signed Contract (if applicable)  
❑ SAM check (if applicable)  
❑ Purchase Order |
| **Small Purchase**   | Contracts for goods and/or professional services valued $10,001-$49,999 | 1. Two (2)-three written vendor quotes required & should be the same or comparable goods/services. Requestor should select the proposal that offers the “best value” to the District.  
2. Service contract required (if applicable)  
3. SAM check required (if applicable)  
4 Purchase Order | ❑ 2-3 vendor quotes attached  
❑ Signed Contract (if applicable)  
❑ SAM check (if applicable)  
❑ Purchase Order |
| **Macro Purchase**   | Contracts for goods and/or non-professional services valued at $50,000 or more in the aggregate for each 12-month period. | (1) competitive bidding  
(2) competitive sealed proposals  
(3) request for proposals, for services other than construction services (if applicable)  
(4) interlocal contracts or service contract  
(5) design-build contracts (if applicable)  
(6) contract to construct, rehabilitate, alter, or repair facilities that involve using a | ❑ competitive bidding  
❑ competitive sealed proposals  
❑ request for proposals, for services other than construction services (if applicable)  
❑ interlocal contract/service contract  
❑ design-build contracts (if applicable)  
❑ contract to construct, rehabilitate, alter, or repair facilities that involve using a  
❑ construction manager (if applicable)  
❑ job order contract for the minor construction, repair, |
<table>
<thead>
<tr>
<th>Noncompetitive Proposals (Sole Source)</th>
<th>construction manager (if applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>- 1. Sole Source letter from the vendor, certifying they are the sole creator/provider of the goods/services.</td>
<td></td>
</tr>
<tr>
<td>- 2. Services Contract (if a service)</td>
<td></td>
</tr>
<tr>
<td>- 3. Purchase Order</td>
<td></td>
</tr>
<tr>
<td>4. SAM check (if applicable)</td>
<td></td>
</tr>
<tr>
<td>- May be used when using federal funds only when 1 or more of the following apply:</td>
<td></td>
</tr>
<tr>
<td>1. The item is available only from a single source &amp; an equivalent cannot be substituted. This must be documented.</td>
<td>- reverse auction procedure or</td>
</tr>
<tr>
<td>2. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation.</td>
<td>- the formation of a political subdivision corporation</td>
</tr>
<tr>
<td>3. TEA (or other federal awarding agency) expressly authorizes noncompetitive proposals in response to a written request from the District.</td>
<td>- Purchase order</td>
</tr>
<tr>
<td>4. After solicitation of a number of sources, competition is determined inadequate.</td>
<td>- SAM check (if applicable)</td>
</tr>
</tbody>
</table>

Appendix 4
Verification of Procurement Processes

1. My procurement type is: (choose 1 of the following)
   a. Micro Purchase
   b. Small Purchase
   c. Macro Purchase
   d. Noncompetitive Proposals (Sole Source)

2. I have attached all documentation from the appropriate checklist for this procurement to this document and have uploaded them into Websmart JR3 under the appropriate PO number. **Yes or No (If no is chosen, please explain below.)**

________________________________________________________________________________________

________________________________________________________________________________________

________________________________________________________________________________________

________________________________________________________________________________________

________________________________________________________________________________________

________________________________________________________________________________________

Wayside Employee Printed Name __________________________ Signature ____________________ Date ____________________

Appendix 4
**Time and Effort Checklist**

**Instructions to Supervisors**

*Prior to submitting any time and effort certification forms, please make sure the following items have been verified with a checkmark and your signature and date per employee form.*

- This certificate has the correct date/time period.

- The certificate has the correct coding.

- The correct number of work and lunch hours are listed on this certificate.

- The employee has signed and dated the certificate.

- The supervisor has signed and dated the certificate.

---

**Supervisor’s Signature & Date**

---

512-2220-9100  6405 S. IH 35, AUSTIN, TEXAS 78744  info@waysideschools.org  www.waysideschools.org

Appendix 5
REQUISITION FORM

*All expenses MUST be approved and a purchase order MUST be issued prior to making a purchase. Failure to do so may result in loss of debit card and/or refusal to reimburse.*

Once approved, how will this purchase be made?

☐ Personal expenditure and payee will be reimbursed (exclude all sales tax from total)

☐ Network debit card will be used for this expenditure

☐ Issue a network check to the VENDOR for this purchase once fulfilled

Payee: ____________________________ Amount $ ________________ Not including sales tax

Name on check/debit card receipt ______________________

Address: ___________________________________________ Phone No. ________________

Street ____________ City ________________ State Zip Code ____________

CIP Objective, Goal, and Action Step?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

Explanation of expense (include: items, program, hours, dates, rates, special grant information):

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

Date expenditure approved: ___________________________ By: __________________

(Must be prior to the date of receipt) (Approval by network personnel with spending authority)

Prepared by: ___________________________ Date: __________________

All expenses must be coded in order for a payment to be issued:

<table>
<thead>
<tr>
<th>Receipt #</th>
<th>Fund</th>
<th>Function</th>
<th>Object</th>
<th>Sub-Obj</th>
<th>Org</th>
<th>FY</th>
<th>PIC</th>
<th>Other (additional expense details)</th>
</tr>
</thead>
</table>

Date posted in accounting system: ________________ By: ________

Appendix 6

INSTRUCTIONS:
Number receipts, i.e. (# 1) and attach to upper left corner of this form.
Like Items (TxEIS Commodity Items)

<table>
<thead>
<tr>
<th>100</th>
<th>101</th>
<th>EMPLOYEE</th>
<th>10000.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>102</td>
<td>PARENT</td>
<td>10000.00</td>
</tr>
<tr>
<td>100</td>
<td>103</td>
<td>INTERLOCAL GOVT</td>
<td>10000.00</td>
</tr>
<tr>
<td>100</td>
<td>104</td>
<td>BOARD MEMBER</td>
<td>10000.00</td>
</tr>
<tr>
<td>100</td>
<td>105</td>
<td>SCHOOL DISTRICTS</td>
<td>10000.00</td>
</tr>
<tr>
<td>100</td>
<td>106</td>
<td>EMERGENCY PURCHASE DISASTER</td>
<td>10000.00</td>
</tr>
<tr>
<td>100</td>
<td>107</td>
<td>SOLE SOURCE</td>
<td>10000.00</td>
</tr>
<tr>
<td>200</td>
<td>210</td>
<td>PROFESSIONAL SERVICES</td>
<td>10000.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>200</th>
<th>211</th>
<th>LEGAL SERVICES</th>
<th>10000.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>200</td>
<td>212</td>
<td>ACCOUNTING AUDIT SERVICES</td>
<td>10000.00</td>
</tr>
<tr>
<td>200</td>
<td>213</td>
<td>ARCHITECT</td>
<td>10000.00</td>
</tr>
<tr>
<td>200</td>
<td>214</td>
<td>PROFESSIONAL SERVICES</td>
<td>10000.00</td>
</tr>
<tr>
<td>200</td>
<td>215</td>
<td>MEDICAL PROVIDERS</td>
<td>10000.00</td>
</tr>
<tr>
<td>200</td>
<td>220</td>
<td>HIGHER EDUCATION</td>
<td>10000.00</td>
</tr>
<tr>
<td>200</td>
<td>230</td>
<td>EDUCATION SERVICE CENTERS</td>
<td>10000.00</td>
</tr>
<tr>
<td>200</td>
<td>241</td>
<td>CONTRACTED REPAIRS GENERAL</td>
<td>10000.00</td>
</tr>
<tr>
<td>200</td>
<td>242</td>
<td>CONTRACTED REPAIRS HVAC</td>
<td>10000.00</td>
</tr>
<tr>
<td>200</td>
<td>243</td>
<td>CONTRACTED REPAIRS ELECT</td>
<td>10000.00</td>
</tr>
<tr>
<td>200</td>
<td>244</td>
<td>CONTRACTED REPAIRS PLUMB</td>
<td>10000.00</td>
</tr>
<tr>
<td>200</td>
<td>245</td>
<td>CONTRACTED REPAIRS EQUIP</td>
<td>10000.00</td>
</tr>
<tr>
<td>200</td>
<td>246</td>
<td>MAINT AGREEMENTS OTHER</td>
<td>10000.00</td>
</tr>
<tr>
<td>200</td>
<td>247</td>
<td>MAINT AGREEMENTS SOFTWARE</td>
<td>10000.00</td>
</tr>
<tr>
<td>200</td>
<td>251</td>
<td>ELECTRICAL</td>
<td>10000.00</td>
</tr>
<tr>
<td>200</td>
<td>252</td>
<td>GAS PROPAANE</td>
<td>10000.00</td>
</tr>
<tr>
<td>200</td>
<td>253</td>
<td>WATER SEWAGE REFUSE</td>
<td>10000.00</td>
</tr>
<tr>
<td>200</td>
<td>254</td>
<td>TELECOMMUNICATIONS</td>
<td>10000.00</td>
</tr>
<tr>
<td>200</td>
<td>261</td>
<td>RENTALS EQUIPMENT GENERAL</td>
<td>10000.00</td>
</tr>
<tr>
<td>200</td>
<td>262</td>
<td>RENTALS VEHICLES</td>
<td>10000.00</td>
</tr>
<tr>
<td>200</td>
<td>263</td>
<td>RENTALS FACILITIES</td>
<td>10000.00</td>
</tr>
<tr>
<td>200</td>
<td>291</td>
<td>CONSULTANTS 6291</td>
<td>10000.00</td>
</tr>
<tr>
<td>200</td>
<td>292</td>
<td>CONSULTANTS GENERAL</td>
<td>10000.00</td>
</tr>
<tr>
<td>200</td>
<td>293</td>
<td>CONSULTANTS FINE ARTS</td>
<td>10000.00</td>
</tr>
<tr>
<td>200</td>
<td>294</td>
<td>CONSULTANTS SP ED SERVICES</td>
<td>10000.00</td>
</tr>
<tr>
<td>200</td>
<td>295</td>
<td>CONSULTANTS STUDENT SUPP</td>
<td>10000.00</td>
</tr>
<tr>
<td>200</td>
<td>296</td>
<td>CONSULTANTS DJ SUPPL STAFF</td>
<td>10000.00</td>
</tr>
<tr>
<td>200</td>
<td>297</td>
<td>CONSULTANTS SPEAKERS</td>
<td>10000.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>300</th>
<th>311</th>
<th>SUPPLIES MAINT GENERAL</th>
<th>10000.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>300</td>
<td>312</td>
<td>SUPPLIES MAINT ELECTRICAL</td>
<td>10000.00</td>
</tr>
<tr>
<td>300</td>
<td>313</td>
<td>SUPPLIES MAINT PLUMBING</td>
<td>10000.00</td>
</tr>
<tr>
<td>300</td>
<td>314</td>
<td>SUPPLIES MAINT HVAC</td>
<td>10000.00</td>
</tr>
<tr>
<td>300</td>
<td>318</td>
<td>SUPPLIES MAINT GROUNDS</td>
<td>10000.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DESCRIPTION</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>-----------------------------</td>
<td>---</td>
</tr>
<tr>
<td>300</td>
<td>315</td>
<td>SUPPLIES CUSTODIAL</td>
<td>10000.00</td>
</tr>
<tr>
<td>300</td>
<td>316</td>
<td>SUPPLIES FUEL</td>
<td>10000.00</td>
</tr>
<tr>
<td>300</td>
<td>317</td>
<td>SUPPLIES FIRE AND SAFETY</td>
<td>10000.00</td>
</tr>
<tr>
<td>300</td>
<td>318</td>
<td>SUPPLIES MAINT GROUNDS</td>
<td>10000.00</td>
</tr>
<tr>
<td>300</td>
<td>320</td>
<td>TEXTBOOKS</td>
<td>10000.00</td>
</tr>
<tr>
<td>300</td>
<td>340</td>
<td>LIBRARY BOOKS</td>
<td>10000.00</td>
</tr>
<tr>
<td>300</td>
<td>341</td>
<td>READING MATERIALS</td>
<td>10000.00</td>
</tr>
<tr>
<td>300</td>
<td>342</td>
<td>SUBSCRIPTIONS MAGAZINES</td>
<td>10000.00</td>
</tr>
<tr>
<td>300</td>
<td>343</td>
<td>TESTING MATERIALS</td>
<td>10000.00</td>
</tr>
<tr>
<td>300</td>
<td>344</td>
<td>NSLP FOOD</td>
<td>10000.00</td>
</tr>
<tr>
<td>300</td>
<td>345</td>
<td>NSLP NON-FOOD</td>
<td>10000.00</td>
</tr>
<tr>
<td>300</td>
<td>346</td>
<td>NSLP SUPPLIES</td>
<td>10000.00</td>
</tr>
<tr>
<td>300</td>
<td>391</td>
<td>SUPPLIES INSTRUCTIONAL GEN</td>
<td>10000.00</td>
</tr>
<tr>
<td>300</td>
<td>392</td>
<td>SUPPLIES INSTR READING ELA</td>
<td>10000.00</td>
</tr>
<tr>
<td>300</td>
<td>393</td>
<td>SUPPLIES INSTRUCTIONAL MATH</td>
<td>10000.00</td>
</tr>
<tr>
<td>300</td>
<td>394</td>
<td>SUPPLIES INSTRUCT SCIENCE</td>
<td>10000.00</td>
</tr>
<tr>
<td>300</td>
<td>395</td>
<td>SUPPLIES INSTRUT SOC STUDIES</td>
<td>10000.00</td>
</tr>
<tr>
<td>300</td>
<td>396</td>
<td>SUPPLIES INSTRUCT TECH</td>
<td>10000.00</td>
</tr>
<tr>
<td>300</td>
<td>397</td>
<td>SUPPLIES INSTRUCT PE &amp; ATHLE</td>
<td>10000.00</td>
</tr>
<tr>
<td>300</td>
<td>398</td>
<td>SUPPLIES OFFICE</td>
<td>10000.00</td>
</tr>
<tr>
<td>300</td>
<td>399</td>
<td>SUPPLIES SOFTWARE SITE LICENS</td>
<td>10000.00</td>
</tr>
<tr>
<td>400</td>
<td>411</td>
<td>TRAVEL MISC</td>
<td></td>
</tr>
<tr>
<td>400</td>
<td>412</td>
<td>LODGING</td>
<td>10000.00</td>
</tr>
<tr>
<td>400</td>
<td>413</td>
<td>AIRLINES</td>
<td>10000.00</td>
</tr>
<tr>
<td>400</td>
<td>414</td>
<td>RENTAL CARS</td>
<td>10000.00</td>
</tr>
<tr>
<td>400</td>
<td>415</td>
<td>REGISTRATION FEES</td>
<td>10000.00</td>
</tr>
<tr>
<td>400</td>
<td>416</td>
<td>TRANSPORTATION OTHER</td>
<td>10000.00</td>
</tr>
<tr>
<td>400</td>
<td>421</td>
<td>INSURANCE GROUP HEALTH</td>
<td>10000.00</td>
</tr>
<tr>
<td>400</td>
<td>422</td>
<td>INSURANCE DENTAL</td>
<td>10000.00</td>
</tr>
<tr>
<td>400</td>
<td>423</td>
<td>INSURANCE LIFE</td>
<td>10000.00</td>
</tr>
<tr>
<td>400</td>
<td>424</td>
<td>INSURANCE SUPPLEMENTAL BEN</td>
<td>10000.00</td>
</tr>
<tr>
<td>400</td>
<td>425</td>
<td>INSURANCE 3RD PARTY ADMIN</td>
<td>10000.00</td>
</tr>
<tr>
<td>400</td>
<td>426</td>
<td>INSURANCE PROPERTY CASUA</td>
<td>10000.00</td>
</tr>
<tr>
<td>400</td>
<td>427</td>
<td>AWARDS</td>
<td>10000.00</td>
</tr>
<tr>
<td>400</td>
<td>428</td>
<td>PRINTING SVC</td>
<td>10000.00</td>
</tr>
<tr>
<td>400</td>
<td>429</td>
<td>ADVERTISEMENTS</td>
<td>10000.00</td>
</tr>
<tr>
<td>400</td>
<td>430</td>
<td>SHARED SERVICE ARRANGEMENTS</td>
<td>10000.00</td>
</tr>
<tr>
<td>400</td>
<td>431</td>
<td>MEMBERSHIPS</td>
<td>10000.00</td>
</tr>
<tr>
<td>400</td>
<td>432</td>
<td>DUES OTHER THAN TRAVEL</td>
<td>10000.00</td>
</tr>
<tr>
<td>600</td>
<td>621</td>
<td>EQUIPMENT CONSTRUCTION/BKS</td>
<td></td>
</tr>
<tr>
<td>600</td>
<td>622</td>
<td>CONSTRUCTION</td>
<td>10000.00</td>
</tr>
<tr>
<td>600</td>
<td>631</td>
<td>VEHICLES OVER 5k</td>
<td>10000.00</td>
</tr>
<tr>
<td>600</td>
<td>632</td>
<td>EQUIPMENT BAND OVER 5k</td>
<td>10000.00</td>
</tr>
<tr>
<td>600</td>
<td>633</td>
<td>EQUIPMENT TECH OVER 5k</td>
<td>10000.00</td>
</tr>
<tr>
<td>600</td>
<td>634</td>
<td>EQUIPMENT OVER 5k</td>
<td>10000.00</td>
</tr>
<tr>
<td>600</td>
<td>641</td>
<td>VEHICLES LESS THAN 5k</td>
<td>10000.00</td>
</tr>
<tr>
<td>600</td>
<td>642</td>
<td>EQUIPMENT BAND LESS THAN 5k</td>
<td>10000.00</td>
</tr>
<tr>
<td>600</td>
<td>643</td>
<td>EQUIPMENT TECH UNDER 5k</td>
<td>10000.00</td>
</tr>
<tr>
<td>600</td>
<td>644</td>
<td>EQUIPMENT LESS THAN 5K</td>
<td>10000.00</td>
</tr>
<tr>
<td>600</td>
<td>660</td>
<td>LIBRARY BOOKS</td>
<td>10000.00</td>
</tr>
</tbody>
</table>