



PHARR-SAN JUAN-ALAMO

Independent School District

Federal Grant Policies and Procedures Manual

Pursuant to Requirements in 2 CFR Part 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and Education Department General Administrative Regulations (EDGAR)

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A handwritten signature in blue ink, appearing to read 'J. L. Arredondo', is positioned above the approval text.

Approved by: Dr. Jorge L. Arredondo

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Introduction

Purpose

This manual sets forth the policies and procedures used by **Pharr-San Juan-Alamo ISD** to administer federal funds pursuant to [Title 2 of the Code of Federal Regulations \(2 CFR\) Part 200](#), and the federal regulations in [EDGAR](#) (*Education Department General Administrative Regulations*) as well as certain policies and laws pertaining specifically to Texas school districts.

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.

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. 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.

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 subgrantees 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.

A discretionary award is defined as “an award in which the Federal awarding agency, in keeping with specific statutory authority that enables the agency to exercise judgment (“discretion”), selects the recipient and/or the amount of Federal funding awarded through a competitive process or based on merit of proposals. A discretionary award may be selected on a non-competitive basis, as appropriate. 2 CFR 200.1

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 subrecipient.” 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).

Education Department General Administrative Regulations (EDGAR)

The USDE adopted the uniform grant guidance in 2 CFR Part 200 as its regulations in 2 CFR Part 3474 (with two minor exceptions), which gives regulatory effect to the Office of Management and Budget (OMB) guidance in 2 CFR Part 200. Therefore, as of December 26, 2014, EDGAR now consists of:

EDGAR	Applicability
34 CFR Part 75 – Direct Grant Programs	Applies to grants awarded directly to the District by the USDE or by another federal awarding agency; also applies to subgrants awarded by TEA for a competitive grant that TEA applied for and received
34 CFR Part 76 – State-Administered Programs	Applies to all formula grants administered by TEA and to all grants allocated to TEA based on a formula
34 CFR Part 77– Definitions that Apply to Department Regulations	Applies to all federal education grants
34 CFR Part 81 – General Education Provisions Act (GEPA) – Enforcement	Applies to all federal education grants
34 CFR Part 82 – New Restrictions on Lobbying	All federal grants (government-wide)
34 CFR Part 84 – Government-wide Requirements for Drug-Free Workplace	Applies to all entities that receive grants directly from the USDE or from any other federal agency. It does not

	apply to LEAs that only receive funds through TEA or another pass-through agency.
34 CFR Part 86 – Drug and Alcohol Abuse Prevention	Applies to IHEs (i.e., colleges and universities) receiving federal funds directly from the USDE or any other federal agency
34 CFR Part 97 – Protection of Human Subjects	Applies to all research involving human subjects conducted, supported, or otherwise subject to regulation by the USDE or any other federal department or agency that makes it applicable. There are exemptions for certain educational activities.
34 CFR Part 98 – Student Rights in Research, Experimental Programs, and Testing	Applies to all federal education grants unless specifically exempted in the regulations
34 CFR Part 99 – Family Educational Rights and Privacy	Applies to all entities receiving federal education funds
2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards	Applies to all new federal grants awarded as of December 26, 2014
2 CFR Part 3474 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (adopts 2 CFR Part 200 in its entirety with two minor exceptions)	Applies to all federal education grants awarded as of December 26, 2014
2 CFR Part 3485 – Nonprocurement Debarment and Suspension	Applies to all entities that receive federal grants, subgrants, and subcontracts (government-wide)

District Structure

The District is organized into the following departments and divisions:

Office of Superintendent

PSJA ISD's mission is to develop, in collaboration with the home and community, the potential of all learners to become participating and productive members of society. The district accomplishes this by providing a comprehensive, quality instructional program that is equitable and accessible to all.

Human Resources

The mission of Human Resource Services is to employ well educated, caring and dedicated professional and support staff. Our goal is to provide a nurturing and educationally sound learning environment for the students of Pharr-San Juan-Alamo ISD. Human Resource Services will respond to all employees in a positive and supportive manner and will provide direction and guidance to each employee in order that they may reach their full potential.

Student Services

It is the responsibility of the Office of Student Services to assist all students in acquiring the necessary skills, attitudes, values and experiences that will motivate them to make responsible decisions, seek opportunities for growth and learning, and to be connected to higher education for success. Simultaneously, we will collaborate with all of our district schools in finding the best educational setting for our students to promote the necessary attributes needed for continued educational growth and post-secondary and career success.

Information Technology

To create and sustain an intuitive, personalized, seamless and secure environment that provides continuous mobility and is 'always-on' to enable innovation and superior customer service.

Maintenance & Operations

The Maintenance and Operations Department employee responsibilities are to safely and adequately perform duties associated with keeping buildings and grounds in a clean and orderly condition and in maintaining and repairing utility system and physical structures of buildings. This all done in an effort to provide an atmosphere that is conducive to learning for our students who are the investment of our future. Maintenance and operations works in conjunction with central administration and the school staff to support their academic goals.

Business Services

The Business Services Office is here to support the instructional programs of the district. To assist departments and campuses with processing and recording all district financial transactions accurately and timely, while maintaining compliance with federal and state regulations.

Curriculum & Instruction

The Curriculum and Instruction team's mission is to work in a collaborative and collegial manner to develop systems, processes and policies that help build leadership and teacher capacity, which will enhance student success in all aspects including exploration, risk taking (innovation), and critical thinking.

I. Federal Grant Application Process

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 through the grant award notice or that agency's applicable regulations that are not addressed herein, which may require the creation of 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.

Each RFA published by TEA includes the [General and Fiscal Guidelines](#) that apply to all grants administered by TEA, and the *Program Guidelines* (that apply to a specific grant program). 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 – these regulations restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs or activities.
- *Lobbying Certification*: Required for all federal grants greater than \$100,000 – in this requirement, the applicant certifies that no federally appropriated funds have been

used to lobby Congress in connection with the making of any federal grant and the extension, continuation, renewal, amendment, or modification of any federal grant.

- *Every Student Succeeds Act*: 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
- *Program-Specific Provisions and Assurances*: By certifying this the authorized official, indicates that the subgrantee has read and will comply with these requirements. These activities may be monitored or audited for compliance. So, documenting their implementation is crucial.

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 Director/Managers preparing grant applications in collaboration with the Grant Management Department 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, all formula grant applications must be submitted 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*, applications must 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. Program Director/Managers in collaboration with the Grant Management Department will ensure the application is completed accurately and submitted to TEA timely.

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. The Chief Financial Officer, in the absence of the Superintendent, is the authorized official for this District. 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 Program Director 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 Director 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.

Other Federal Grants

The Grant Management Department (GMD) is responsible for assisting PSJA ISD with securing federal, state, local, and private funding. The GMD will act as the clearinghouse for all grant

applications and awards to ensure appropriate procedures are followed for requesting and accepting funds as grants and to assist with other technical assistance to build capacity as needed. This also includes grants in which the district is a partner but not the fiscal agent of the grant.

PSJA ISD campuses and/or departments that are interested in applying for grant opportunities must complete and submit a PSJA ISD Feasibility and Justification Form found on the GMD website. Upon completion by the applicant responsible, each proposal must be submitted to the GMD at least fifteen (15) working days before it is due to the funding agency for a mandatory review of the grant. Approval from the Superintendent to pursue the grant opportunity must be obtained in advance of completing and submitting the grant application. Budget review will also be attained from the Business Office prior to the Superintendent's final approval and signature for submission.

II. Financial Management System

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).

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)*

A. 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.

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.

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 assistance listing title and number, formerly known as Catalog of Federal Domestic Assistance (CFDA), 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 (and after a local budget amendment is received), 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.

The Program Director is responsible for submitting local budget amendments to the Finance Office detailing the expenditure codes to be created (revenue codes are requested from Finance Coordinators). If necessary, a meeting shall take place with Finance staff prior to submitting the budget amendment to ensure that the correct account coding is being used. Once approved by the Chief Financial Officer, the Finance Clerk enters the accounts in eFinance (budgets for formula grants are entered in eFinance by the program staff during the budget cycle), and the budget is made available to be used in accordance with the program guidelines.

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 § 200.328 - .330 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.

The Program Director in collaboration with the Finance Coordinator have the responsibility to ensure that all Federal requirements pertaining to the award are met and that performance reports are submitted timely as required by the awarding agency.

Cost Sharing or matching 2 CFR 200.306

For all Federal awards, any shared costs or matching funds and all contributions, including cash and third-party in-kind contributions, must be accepted as part of the non-Federal entity's cost sharing or matching when such contributions meet all of the following criteria:

- 1) Are verifiable from the non-Federal entity's records;
- 2) Are not included as contributions for any other Federal award;
- 3) Are necessary and reasonable for accomplishment of project or program objectives;
- 4) Are allowable under subpart E of this part;
- 5) Are not paid by the Federal Government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs;
- 6) Are provided for in the approved budget when required by the Federal awarding agency; and
- 7) Conform to other provisions of this part, as applicable.

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 subgrant awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest. All transactions are supported by source documentation (i.e., purchase orders/requisitions, invoices, receipts, travel forms, time-and-effort documentation and employee salary records, copies of checks, etc.).

The accounting system mandated in Financial Accounting and Reporting (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.

CODE STRUCTURE																
XXX	-	XX	-	XXX	-	X	-	XX	-	X	-	XX	-	XXXX	-	XX
FUND		FUNCTION		ORGANIZATION		FISCAL YEAR		PROGRAM INTENT		ED. SPAN		PROJECT		OBJECT CODE		SUB OBJECT CODE
<div>_____ Indicates a mandatory code for State reporting purposes</div> <div>----- Indicates a code that may be used at local option</div>																
Fund Codes (1XX – 8XX)																

The District uses the 20-digit account code structure mandated in FAR to record all revenues, encumbrances, and expenditures. The Finance Coordinators ensure that the account code structure is used to record all accounting transactions.

All requisitions follow an approval path in which the purchase is reviewed and approved to ensure compliance with grant requirements, state and local purchasing guidelines. Requisitions are generated at the campus/department level and approved by the account manager (campus or district administrator) who certifies the purchase is reasonable and necessary to meet the intent of the program. The requisition is, then, approved by the Program Director who also certifies compliance with grant requirements. The Purchasing Director/Accountant will review the requisition to ensure compliance with purchasing guidelines (local, state and federal). All levels are responsible to ensure that purchases are compliant with local, state and federal purchasing requirements.

Internal Controls

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 [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 § 200.1, “internal controls” means processes designed and 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.

To establish internal controls, the District (2 CFR 200.303):

- 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 Business Office has the primary responsibility for creating, reviewing and modifying policies and procedures and for providing training to certain levels of employees on an annual basis. It is the responsibility of the Program Director to ensure that District staff are properly trained on the federal requirements that apply to each specific grant.
- 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. Monitoring for compliance is performed by the Program Director by ensuring that all grant requirements are followed for every purchase made with grant funds.
- 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. Protected PII means an individual’s first name or first initial and last name in combination with any one or more of types of information, including, but not limited to, SS numbers, passport number, credit card numbers, clearances, bank numbers, biometrics, date and place of birth, mother’s

maiden name, criminal, medical and financial records, educational transcripts. § 200.1. To comply with these requirements, the District has replaced the use of social security numbers with employee identification numbers to be used when possible.

The effectiveness of the District internal controls is reviewed and evaluated annually by external auditors. If any of the internal controls in place are determined to be ineffective, immediate action is taken by the Chief Financial Officer to ensure that stronger internal controls are implemented.

Performance Measurement

To comply with 2 CFR 200.301, the Federal awarding agency must measure the recipient's performance to show achievement of program goals and objectives, share lessons learned, improve program outcomes, and foster adoption of promising practices. The Federal awarding agency will determine how performance progress is measured which may differ by program. These requirements must be aligned to the extent permitted by law, with the Federal awarding agency strategic goals, strategic objectives or performance goals that are relevant to the program.

Program Directors will be responsible for ensuring the performance measures are met.

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. The budget process differs based on the type of federal award being recorded as illustrated below.

Entitlements: The budget process for these awards begin in May and is finalized before submitting the grant application to TEA (which must be submitted prior to July 1st of each year). The budget is, then, loaded to eFinance and made available to the District in September after it's approved by the Chief Financial Officer. These budgets may be released prior to September but only after the effective date of the grant at the discretion of the Program Director. Otherwise, the budget is made available in September for the new fiscal year.

Discretionary: Budgets for discretionary grants are entered only after receiving the NOGA from TEA or the GAN from any other awarding agency.

Obligations/encumbrances and expenditures are also recorded in the general ledger for each federal award. An encumbrance is created as soon as the requisition is approved by all required parties (i.e. principal, program director, purchasing accountant). The expenditure is posted only

after all goods and/or services are received in eFinance and after an invoice is submitted to the Accounting Department.

On a regular basis, the District compares actual *expenditures* or outlays with *budgeted* amounts for each federal award. The controls embedded in eFinance do not allow encumbrances to exceed the budgeted amounts. The budgeted amounts are, also, compared to the application at each draw-down to ensure that each category in the budget does not exceed the maximum budget variation allowed by TEA. The Program Director is responsible for ensuring that the local budget for each grant is aligned with the grant application or is within the thresholds set by the awarding agency.

B. Budgeting Grant Funds

Meetings and Discussions

The Budget Committee initiates budget discussions in the spring semester.

Budgeting - The Planning Phase: Meetings and Discussions

Before Developing the Grant Budget and Submitting the Application, the Budget Committee identifies the District's needs using the district-wide Comprehensive Needs Assessment, evaluates existing programs, and discusses new or modified strategies to address the District needs and improve student performance. Once the goals, objectives, strategies, and activities for the new school year are outlined by the committee, and to the extent required by law or the granting agency, the District shall provide public notice of federal grant applications through an information item at the Board meeting and by publishing information on the District's website and shall make available opportunities for public input.

Prior to completing the application, the Program Director develops a detailed budget in a document (such as in an Excel spreadsheet) separate from the application. The Program Director coordinates with the District's Business Office 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 Program Director, is used to complete the application. In most instances, particularly for formula grants, the budget entered in 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.

Once the Program Director determines that all budgeted items are aligned with the purpose and intent of the federal award and are budgeted in the proper class/object code according to FAR, the allocation of resources receives final approval from the Budget Committee.

If the grant program will be implemented on a Title I schoolwide campus, the planned activities and expenditures must be identified in the schoolwide plan. Conducting activities and expending funds that are not included in the schoolwide plan could result in an audit exception or monitoring finding for the District. Therefore, the Program Director is responsible for ensuring the activities and anticipated expenditures are described in the schoolwide campus plans before approving such purchases.

Budget Committee members include the following:

- Chief of Staff
- Chief Financial Officer
- Chief of Technology and Services
- Assistant Superintendent for Student Services
- Assistant Superintendent for Support Services
- Assistant Superintendent for Human Capital Development
- Executive Officers
- Title I/SCE, Special Ed, and Bilingual Directors/Coordinators

Negotiating the Submitted Application

Once the grant application is submitted to the awarding agency, the designated program contact, usually the Program 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 Program-Director will seek guidance, if needed, from appropriate District personnel and will respond to any inquiries from the awarding agency within the timeline allotted. 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 and NOGA/GAN

Shortly after receiving the approved application and NOGA/GAN from the awarding agency, a complete copy of the application and NOGA/GAN should be shared with the Program Director (if different from the program contact on the grant application) and Finance Office.

After receiving the NOGA/GAN for discretionary grants, the Program Director must submit a local budget amendment to the Finance Office to setup the budget accounts. These accounts are entered in eFinance by the Finance Clerk after receiving approval from the Chief Financial Officer/Executive Officer for Budget and Finance. Local budgets for formula grants are entered in eFinance by the program designee during the budget process after receiving proper budget approval. The Program Directors guarantee that budgeted amounts are only for costs budgeted and approved in the application.

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.

- Budgets are reconciled with working documents to ensure new campus budgets are balanced.
- Funds are budgeted in every category to ensure availability of funds when needed.
- Local budgets for formula grants may be released prior to September 1st, but only after the effective date of the grant, at the discretion and request of the Program Director.

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.

Monitoring and Amending the Budget:

The Program Director is responsible for monitoring the allocation of funds among object codes and to ensure that the costs charged to the grant are allowable. If a particular cost requires specific approval, the Program Director should submit the amendment and/or required forms to TEA or any other awarding agency.

Local budgets should be compared to the grant application at least monthly at each drawdown to ensure that the District complies with the 25% threshold established by the awarding agency. If it's determined that an amendment is required after comparing budgeted amounts between local and grant application, the amendment is initiated by the Program Director and submitted by the grant designee to the awarding agency.

Monitoring and Amending the Program Description:

The Program Director is responsible for monitoring the grant expenditures and ensuring that these are aligned with the program description approved in the grant application. If the Program Director determines that an amendment to the program description is necessary, the changes should be approved by the Chief Financial Officer/Executive Officer for Budget and Finance prior to submitting the amendment to TEA or any other awarding agency. The Program Director must also ensure that the approved amendment is accurately reflected in the accounting system (eFinance) by submitting a local budget amendment/transfer after receiving approval from the awarding agency or a NOGA from TEA.

C. Timely Obligation of Funds**When Obligations are Made**

“Obligations” are defined as *orders placed for property and services, contracts and subawards made, and similar transactions during a given period that require payment by the non-Federal entity during the same or a future 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. 2 CFR § 200.1

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:

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

34 CFR § 75.707; 34 CFR § 76.707.

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. It is the District's requirement to encumber all purchases prior to acquiring the goods and/or services. Goods purchased or services rendered without prior approval and the existence of a purchase order, may not be considered commitments or obligations of the District, but the individual. Therefore, the individual may be held personally responsible for the payment of such goods or services.

Period of Performance of Federal Funds

All obligations must occur on or between the beginning and ending dates of the Federal award. 2 CFR 200.309. This period of time is known as the *period of performance*. The *period of performance*, is the total estimated time interval between the start of an initial Federal award and the planned end date, which may include one or more funded portions, or budget periods.

These 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. However, identification of the Period of Performance in the Federal award per § 200.211(b)(5) does not commit the awarding agency to fund the award beyond the currently approved budget period.

TEA Grants:

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, subject to programmatic limitations, 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 performance* 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. Currently, 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. (However, if needed, the District has 90 days to liquidate valid obligations.) 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. However, changes are forthcoming, as per 2 CFR § 200.344, the closeout time will be increased from 90 calendar days to 120 calendar days. This manual will be updated as soon as TEA implements these changes.

Any funds not obligated within the period of performance 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.

Program Directors/staff shall monitor outstanding encumbrances on a monthly basis. All encumbrances prior to the submission of the final expenditure report to TEA/other awarding agency shall either be liquidated or closed. End of year notifications and/or deadlines shall be communicated to the appropriate District staff by the Accounting Supervisor and Program Director to ensure that all outstanding encumbrances are either paid or closed timely.

In an effort to ensure that funds are expended as intended and to avoid an excess amount of funds from lapsing, the Program Director is responsible for monitoring all grant expenditures regularly.

Carryover

TEA Grants: As previously described, the Tydings Amendment typically extends the period of availability for formula grants for an additional 12 months, subject to programmatic restrictions. 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 performance of federal funds. To initiate a one-time extension, the recipient must notify the Federal awarding agency in writing with the supporting reasons and revised period of performance at least 10 calendar days before the end of the period of performance specified in the Federal award. This one-time extension must not be exercised merely for the purpose of using unobligated balances.

If necessary, the District can 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(d)(2).

The Program Director may consult with the Chief Financial Officer and/or the Executive Officer for Budget and Finance to determine if an extension to a grant is necessary to maximize the use of the federal funds. If the decision is made to proceed with the request of an extension, the Program Director will be responsible for providing the written notice to the federal awarding agency. This notice must include the reasons for the extension as well as the revised period of performance. This notice requires the approval of the Superintendent or designee before submitting to the awarding agency.

Termination of a Subaward

Effective August 13, 2020, the federal awarding agency may terminate a subaward “to the greatest extent authorized by law, if the award no longer effectuates the program goals or agency priorities.” 2 CFR 200.340

D. Accounting Records

The Business Office is responsible for maintaining the official accounting records of the District. All grant budgets are entered in the District’s 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 District uses the accounting terminology specified in FAR and GAAP.

Journal entries to the general ledger are processed only by authorized personnel. One-time and/or recurring journal entries are made by the Chief Financial Officer, the Executive Officer for Budget and Finance, Finance Coordinators, Accounting Director and authorized Finance Clerks. Journal entries are reviewed and approved for accuracy and appropriate classification by either the Chief Financial Officer or Executive Officer for Budget and Finance.

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, contracts, proof of delivery, copies of checks, bank statements, etc.

All electronic requisitions must be accompanied by required documentation as stated on this manual and on the Purchasing Procedures Manual. Travel reimbursement requests require the submission of original itemized receipts to the Accounting Office. This includes but is not limited to, hotel, meals and parking receipts.

Reclassifications into a federal award must comply with 2 CFR 200 and EDGAR requirements; therefore, these must include the same documentation that is required for any federal purchase as described in this manual. The intent to use federal funds should be documented properly at the time of purchase when the supplement-not-supplant provision applies.

In the case where electronic source documentation is maintained, the District ensures the documentation is easily retrievable and is readable in accordance with the requirements in 2 CFR § 200.336. Refer to *Section VII. Record Keeping* of this manual for more information about these requirements.

E. 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. If directly related to a specific award, certain costs that otherwise would be treated as indirect costs may also be considered direct costs. Examples include extraordinary utility consumption, program evaluation costs, or other institutional service operations. 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 in Texas. The rates are calculated using costs specified in the District's indirect cost plan/proposal submitted to TEA and are 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.

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 [6219], subgrants, 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.

Reimbursement of indirect costs is subject to the availability of funds and statutory or administrative restrictions. 34 CFR § 75.564; 2 CFR § 200.402.

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 Program Director/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 this manual.

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.

- ✓ **Cost must be incurred during the approved budget period.** -*Budget period* is defined as the time interval from the start date of a funded portion of an award to the end date of that funded portion during which recipients are authorized to expend the funds awarded, including any funds carried forward or other revisions pursuant to 2 CFR § 200.308

2 CFR Part 200 cost guidelines must be considered when federal grant funds are expended. Federal rules require state and District-level 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 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 Program Director/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 - 200.476. 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):

Item of Cost	Citation of Allowability Rule	Allowable; Unallowable; Allowable with Restrictions; Unallowable with Exceptions
Advertising and public relations costs	2 CFR § 200.421	Allowable with Restrictions
Advisory councils	2 CFR § 200.422	Allowable with Restrictions
Alcoholic beverages	2 CFR § 200.423	Unallowable
Alumni/ae activities	2 CFR § 200.424	Unallowable
Audit services	2 CFR § 200.425	Allowable with Restrictions
Bad debts	2 CFR § 200.426	Unallowable
Bonding costs	2 CFR § 200.427	Allowable with Restrictions
Collection of improper payments	2 CFR § 200.428	Allowable
Commencement and convocation costs	2 CFR § 200.429	Unallowable with Exceptions
Compensation – personal services	2 CFR § 200.430	Allowable <i>with specific criteria</i>
Compensation – fringe benefits	2 CFR § 200.431	Allowable with Restrictions
Conferences	2 CFR § 200.432	Allowable with Restrictions
Contingency provisions	2 CFR § 200.433	Unallowable with Exceptions
Contributions and donations	2 CFR § 200.434	Unallowable
Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements	2 CFR § 200.435	Unallowable with Exceptions
Depreciation	2 CFR § 200.436	Allowable with Restrictions
Employee health and welfare costs	2 CFR § 200.437	Allowable with Restrictions

Entertainment costs	2 CFR § 200.438	Unallowable with Exceptions
Equipment and other capital expenditures	2 CFR § 200.439	Allowable with Restrictions
Exchange rates	2 CFR § 200.440	Allowable with Restrictions
Fines, penalties, damages and other settlements	2 CFR § 200.441	Unallowable with Exceptions
Fund raising and investment management costs	2 CFR § 200.442	Unallowable with Exceptions
Gains and losses on disposition of depreciable assets	2 CFR § 200.443	Allowable with Restrictions
General costs of government	2 CFR § 200.444	Unallowable
Goods and services for personal use	2 CFR § 200.445	Unallowable
Idle facilities and idle capacity	2 CFR § 200.446	Idle facilities - unallowable with exceptions; idle capacity - allowable with restrictions
Insurance and indemnification	2 CFR § 200.447	Allowable with Restrictions
Intellectual property	2 CFR § 200.448	Allowable with Restrictions
Interest	2 CFR § 200.449	Allowable with Restrictions
Lobbying	2 CFR § 200.450	Unallowable with Exceptions
Losses on other awards or contracts	2 CFR § 200.451	Unallowable
Maintenance and repair costs	2 CFR § 200.452	Allowable with Restrictions
Materials and supplies costs, including costs of computing devices	2 CFR § 200.453	Allowable with Restrictions
Memberships, subscriptions, and professional activity costs	2 CFR § 200.454	Allowable with Restrictions
Organization costs	2 CFR § 200.455	Unallowable with Exceptions
Participant support costs	2 CFR § 200.456	Allowable with Restrictions
Plant and security costs	2 CFR § 200.457	Allowable
Pre-award costs	2 CFR § 200.458	Allowable with Restrictions
Professional services costs	2 CFR § 200.459	Allowable with Restrictions
Proposal costs	2 CFR § 200.460	Allowable with Restrictions
Publication and printing costs	2 CFR § 200.461	Allowable with Restrictions
Rearrangement and reconversion costs	2 CFR § 200.462	Allowable with Restrictions
Recruiting costs	2 CFR § 200.463	Allowable with Restrictions
Relocation costs of employees	2 CFR § 200.464	Allowable with Restrictions
Rental costs of real property and equipment	2 CFR § 200.465	Allowable with Restrictions

Scholarships and student aid costs	2 CFR § 200.466	Allowable with Restrictions
Selling and marketing costs	2 CFR § 200.467	Unallowable with Exceptions
Specialized service facilities	2 CFR § 200.468	Allowable with Restrictions
Student activity costs	2 CFR § 200.469	Unallowable with Exceptions
Taxes (including Value Added Tax)	2 CFR § 200.470	Allowable with Restrictions
Telecommunications and video surveillance costs	2 CFR § 200.471	Allowable with Restrictions
Termination costs	2 CFR § 200.472	Allowable with Restrictions
Training and education costs	2 CFR § 200.473	Allowable
Transportation costs	2 CFR § 200.474	Allowable
Travel costs (<i>TEA restricts to actual costs, not per diem</i>)	2 CFR § 200.475	Allowable with Restrictions
Trustees	2 CFR § 200.476	Allowable

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 [Budgeting Costs Guidance Handbook](#), the *Request for Application* (RFA), local district policy, and any grant program restrictions to ensure the cost is allowable.

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 Strengthening Career and Technical Education for the 21st Century 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 must ensure that federal grant funds supplement, and are not used to supplant, state or local funds. In some programs the supplement not supplant requirement also

includes other Federal funds. See *Section X. Programmatic Fiscal Requirements, A. Supplement, Not Supplant*, of this manual for more information about this requirement.

To ensure costs are allowable with these requirements, the Program Director/Manager will electronically certify on every requisition that the purchase of goods and/or services is reasonable, necessary, allowable, allocable to the grant in accordance with benefits received. A sample of this assurance can be seen below:

I certify that this is an allowable expenditure from the above funding source, and if these are federal funds, this purchase is (1) reasonable, (2) necessary, (3) allocable to the grant in accordance with benefits received and (4) in compliance with the supplement not supplant provision, if applicable. Information supporting this expenditure is contained in the attached CIP, District Improvement Plan or IEP.

Every purchase with federal funds shall include the “Purchase Authorization/Request to Travel Form/ESSER Purchase Request Form” (see appendix 3) which requires the approval and signature of the administrator overseeing the federal grant.

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 [Budgeting Costs Guidance Handbook](#) (under *Allowable Cost and Budgeting 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.

The District makes every effort to comply with these guidelines in the expenditure of federal grant funds to avoid audit exceptions. In order to ensure a thorough evaluation of each cost, the District has established the following internal controls:

- Projected district level expenditures discussed during the budget process are reviewed by the Program Director for allowability
- Campus expenditures require the approval of the Program Director prior to obligating any grant funds.

- District employees engaged in federally-funded activities are required to consult this document regularly, be familiar with its contents and attend all required trainings.

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. 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*).

TEA, 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 are reflected in the procedures used by requiring all District employees to submit the "Out of District Travel Form (See Appendix 4)" to Accounting immediately after the business trip to document the actual amount spent on meals. It is the responsibility of the district employee to return any excess funds between the amount received and the amount spent to the Finance Office upon return.

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 District's 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 if proven to be the most cost-effective method of transportation (must complete the Travel Cost Comparison Form. (See appendix 5)
- actual mileage in a personal vehicle (District requires 4 employees to a car when possible)- TEA has authorized the use of an electronic mapping source (such as that of www.mapquest.com or any other online mapping service) to document actual mileage
- the cost of a rental car and gasoline (please see Purchasing Procedures Manual: District requires 4 employees to a car when possible)

Applying Meal Funds to Lodging Reimbursement: The District does not allow for funds available for meal reimbursement to be applied to lodging reimbursements.

NOTE: 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 specified by the District.

Temporary Dependent Care Costs: The District does not reimburse employees for temporary dependent care costs.

*Documentation that Travel Costs are **Reasonable and Justifiable**:* Additionally, costs incurred by employees 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), the Program Director/Manager must maintain documentation 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 District's *written travel reimbursement procedures on the ["Purchasing Procedures Manual"](#)*,

Travel Advance/Reimbursement Form

Travel costs must be properly documented to be reimbursable by the District. The employee must document travel costs with a *Travel Advance/Reimbursement Form* (see appendix 2). This form includes the following:

- Name of the individual claiming travel advance/reimbursement

- Destination and purpose of the trip
- 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 requisition.

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* of lodging per day, with a hotel reservation attached if requesting an advance or original hotel receipt if requesting a reimbursement (may not exceed the federal rate for the locale and the documentation must be attached to the advance/reimbursement). Allowable hotel taxes associated with the travel must be included (NOTE: the District is exempt from State taxes). Original receipt should be submitted to the Accounting Department upon return if an advance is processed with a hotel reservation.
- *Actual amount* of meals per day must not exceed the district rate; tips and gratuities are not reimbursable. District employees are required to document the amount received and spent on meals by submitting the “certification of out-of-district travel” form to the Accounting Department after travel is taken. Receipts for meals are required for reimbursements.
- Actual amount of airfare, only allowed if this method is the most cost effective method of transportation (receipt must be attached; a printed copy of an online receipt is acceptable; Travel Comparison Form must also be attached)
- Actual amount expended on public transportation, such as taxis and shuttles (receipts are required to be reimbursable)
- Actual amount expended on a rental car, with receipt attached; 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 to be reimbursable)
- Actual cost of parking (receipts must be attached to be reimbursable)
- Actual amount expended on incidentals, such as hotel taxes, copying of materials, and other costs associated with the travel (receipts must be attached)

- The amount of any cash advance paid to the employee prior to the travel
- 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.

Request to Travel Form/ESSER Purchase Request Form

As specified above, employees who plan to travel must complete a *Travel Advance/Reimbursement Form* prior to travel, detailing the dates of the proposed travel, purpose of the travel (*conference title*), and *estimated* travel expenses. This form must be accompanied by the *Request to Travel Form* or *ESSER Purchase Request Form*. Both must be approved by the Program Director/Administrator when using federal funds. The immediate supervisor will ensure that sufficient funds are budgeted and available for travel in the appropriate grant program prior to the employee incurring any travel expenditures. The immediate supervisor and the Program Director/Administrator will verify that the travel by the particular *individual* is allowable, necessary, reasonable and allocable to the grant and that travel is taken during the approved budget period. The Purchasing Accountant will verify that all costs are consistent with the District's travel policies and that the correct accounting coding is used.

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. It defines what a "conference" is and provides guidelines on allowable

costs. 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 federal funds for conferences and meetings, particularly with regard to food costs such as meals, snacks, and refreshments. These and more specific guidelines are also discussed in TEA's [Budgeting Costs Guidance Handbook](#) (under *Handbooks and Other Guidance*) in the *Food and Beverage Costs* section.

Food costs for parent involvement activities in which refreshments are necessary to encourage participation or attendance by parents to meet program objectives are allowable as long as they are reasonable in cost ([Budgeting Costs Guidance Handbook](#)). Full meals are unallowable under any circumstances.

District staff will adhere to the above guidelines if and when hosting a meeting or conference for non-employees. Prior to planning a meeting or conference, the Program Director should complete a "[Justification of Specific Expenditure: Hosting or Sponsoring of Conference](#)" to document the cost as reasonable and necessary to meet the intent of the program. If necessary, the District attorney should be consulted to ensure compliance with these regulations. The proposed meeting or conference will be budgeted in the approved application. All documentation shall be maintained by the District and submitted to TEA upon request.

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.

TEA's [Budgeting Costs Guidance Handbook](#) (under *Allowable cost and Budgeting Guidance*) includes information about allowable and unallowable field trips. District staff will consult these guidelines and submit the "[Justification of Specific Expenditure: Educational Field Trips](#)" (see appendix 6) to the Program Director/Manager *prior* to scheduling any field trips. Once approved, the justification form should be attached to the requisition and made available to TEA upon request.

Student COVID-19 Vaccine Gift Cards – ESSER III Funds Only

Although gifts are normally not an allowable use of federal funds, USDE guidance does allow an LEA to give each vaccinated student a nominal gift card or any other allowable incentive that is reasonable in size and scope and likely to lead to an increase in the rate of vaccination. AU-Q129

The District has opted to issue a \$25 gift card to students that can provide proof of vaccination. Procedures were established to ensure the integrity of this process.

Requirements to qualify for the PSJA COVID-19 Voluntary Vaccination Incentive Program:

- Must be a current PSJA ISD student
- Student must have received their complete primary series of COVID-19 – vaccination was required (COVID Vaccination card or IMMTrac2 printout)

Tracking Method: Student Vaccine Clearance with Gift Card Distribution Tracking Method (StuVac – <https://stuvac.psjaisd.us/>)

- Tracks the number of eligible students
 - Student vaccination records were retrieved from the EMR system
 - Student enrollment was verified from the student management system
- Tracks the number of gift cards issued to students

The process of distributing gift cards and closing out:

1. Gift cards will be picked up by the school nurse from the Purchasing Department
2. Number of gift cards will be issued (to nurse) based on the number of students meeting eligibility in StuVac
3. Sign out sheets will be used to track the distribution of gift cards to the school nurses
4. Gift cards distributed to students will be entered in StuVac with students' ID
5. After distribution deadline, nurses will return undistributed gift cards to the Purchasing Department
6. ESSER grant will only be charged for the gift cards distributed to eligible students. Excess cards will be reallocated/charged to local funds

Lost/stolen Gift Cards

Lost/stolen gift cards will be investigated by PSJA ISD Police Department.

Employee Retention & Vaccine Stipend – ESSER Funds

The School Board shall approve all additional compensation strategies such as retention payments, and employee vaccine stipends. The following costs are

allowable uses of ESSER funds (AU-Q11, GQ-Q23, AU-Q112) as long as these meet the intent of the ESSER statute, are reasonable and necessary, and are aligned to a statutorily allowable activity:

- Retention Stipends
- Performance stipends
- Stipends for additional responsibilities
- Extra-duty pay for duties outside the normal workday
- Vaccine Stipends

The School Board has approved a retention and vaccine stipends with ESSER III funds.

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.

The District does not use federal funds for construction and/or major remodeling and renovation unless it's an allowable cost under the grant. For example, ESSER III grant funds have been budgeted in the grant application and approved by TEA for COVID-19 related construction projects. The Chief of Operations is responsible for compliance and monitoring construction performance as required by federal regulations under the Davis-Bacon, 2 CFR 200.329(d) and related Acts and those mentioned in the paragraph above. The Program Director/Manager will ensure that such costs are properly budgeted and approved in the federal grant application. For more information on the construction process and performance refer to the Construction Manual.

Telecommunications Costs

- (a) Costs incurred for telecommunications and video surveillance services or equipment such as phones, internet, video surveillance, cloud servers are allowable except for the following circumstances:
- (b) Obligor or expending covered telecommunications and video surveillance services or equipment or services as described in § 200.216 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).

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 – 76.662.

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. Program Directors are responsible for complying with all the following requirements

- 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 Federal award.)
 - 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.
 - Equipment placed in private schools will be inventoried once a year. The Program Director/Manager must follow District procedures to address any discrepancies found in the annual inventory
- The District will ensure that federal funds are not used for the construction of private school facilities.
- **Carryover Funds**
 - To ensure that equitable services are provided in a timely manner, an LEA must obligate the funds allocated for equitable services under all applicable programs in the year for which they are appropriated. [ESSA Sections 1117(a)(4)(B) and 8501(a)(4)(B)]. There may be extenuating circumstances, however, in which an LEA is unable to obligate all funds within this timeframe in a responsible manner. Under these extenuating circumstances, the funds may remain available for the provision of equitable services under the respective program(s) during the subsequent school year. In determining how such carryover funds will be used, the LEA must consult with appropriate private school officials. [ESSA Sections 1117(b) and 8501(c)].
 - If an LEA is requesting carryover for PNP equitable services due to extenuating circumstances, it must submit one carryover waiver request per PNP school by deadline (November 15)
 - [PNP Excessive Carryover Waiver Request](#)

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.

F. 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 before the final expenditure is submitted. The closeout timeline has been extended as per 2 CFR 200.344; however, Districts' are still pending TEA implementation.

Each District employee who reports and/or certifies expenditures in ER is required to have a [TEAL](#) (TEA Secure Environment) 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 on the day payment is received by the District. In addition, the District will comply with the cash management procedures described in *II. Financial Management System, G. Federal Cash Management Policy/Procedures* of this manual.

The Finance Coordinator assigned to the particular federal grant submits the reports in ER. Effective July 1, 2015, the fiscal reports requesting payment will include a certification signed/certified on behalf of the Chief Financial Officer 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).”

All Program Directors will be required to certify to the above statement on the Drawdown Report before the Finance Coordinator is able to request reimbursement from TEA.

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.

ESSER Grants: An ESSER State Fiscal Report shall also be submitted for each draw-down within the timeframe given by TEA staff. This report applies to ESSER II and the ESSER III grant awarded to the District. This report is completed by the ESSER Accountant, approved by the Executive Officer and submitted by the Finance Coordinator.

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, travel 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 § 200.339

Grants from Other Awarding Agencies

The District will submit expenditure reports to other awarding agencies in the time and manner requested by the agency.

G. 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 shall 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 (2 CFR § 200.305) regulations: *reimbursement* and *advance*. The District uses the reimbursement method for requesting grant payments.

Reimbursement Method

Under the reimbursement method, the District charges federal grant expenditures to the appropriate—federal fund source, and requests all reimbursements based on actual disbursements (i.e., payments already made), and not on obligations.

The District Finance Coordinator will request reimbursement for actual expenditures incurred under the federal grants monthly (with the exception of the beginning of the fiscal year which may require a longer period to close previous year obligations) 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 below.

Advance Method

If the District ever obtains an advance payment, the District will ensure that it minimizes the time elapsing between the transfer of funds and disbursement by the District. Advance payments will be limited to the minimum amounts needed and be 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.

The District will expend (i.e., pay out) any advance funds on allowable expenditures as quickly as administratively feasible to the actual disbursement. Each request for advances will be verified by the Finance Coordinator and approved by the Chief Financial Officer or Executive Officer for Budget and Finance. Advances will be received and documented in accordance with 2 CFR 200.305. The District will remit interest earned on federal cash advances exceeding \$500 in accordance with the instructions issued by TEA and/or federal regulations. 2 CFR 200.305(9).

H. Program Income

To the extent the District earns program income, the District will use the deduction method as set forth in 2 CFR § 200.307 unless the District is granted written prior approval from the TEA Chief Grants Administrator (or other awarding agency) to use the *addition* method. *Program income* means gross income earned by the **non-federal entity** that is directly generated by a supported activity or earned as a result of the Federal award during the **period of performance except as provided in § 200.307(f)**.

III. Procurement System

The District's purchasing policies and procedures are consistent with *Module 5* of TEA's [FASRG](#), which reflects state and federal requirements for purchasing.

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.

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. Responsibility for Purchasing

The Director of Purchasing/Procurement is responsible for overseeing all 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.

B. General Procurement Standards

Documented Procurement Procedures

To comply with §200.318, the District will use the procurement procedures documented in this manual, which are consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The District's documented procurement procedures conform to the procurement standards identified in §200.317 through §200.327.

Contract Oversight

The District has procedures in place to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. Please see section *H. Contract Administration* of this manual.

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, E. Expending Grant Funds, Determining Allowability of Costs*, for written procedures on determining allowability.

Use of Intergovernmental Agreements 2 CFR 200.318(e)

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. Competition requirements will be met with documented procurement actions using strategic sourcing, shared services, and other similar procurement arrangements. 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 5.20 of Module 5](#). SSAs as they pertain to a particular grant program are described in [section 1.3.1 of Module 1 \(FAR\)](#).

Intergovernmental Agreements are initiated by the Superintendent's Cabinet and executed by the Superintendent when necessary. It is the responsibility of the individual requesting the intergovernmental agreement to determine the effectiveness and efficiency of the agreement before submitting it for review. All intergovernmental agreements receive final approval from the school board members. A list of School Board approved cooperatives can be found on the PSJA ISD Purchasing Website.

Procuring from Purchasing Cooperatives

Purchasing Cooperatives (Interlocal Agreements) approved by the School Board may be used to supplement purchasing compliance. Campuses/Departments may request three (3) written price quotes from vendors on District-approved Cooperatives for purchases between \$2,000 and \$250,000. Quotes should be on company letterhead and may not be older than thirty (30) days.

The Superintendent may require board approval for certain purchases.

Use of Federal Excess and Surplus Property

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). District employees are encouraged to check the District's inventory for excess and surplus property/equipment available for use prior to purchasing new equipment.

Use of Value Engineering Clauses

The District may value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.

History of Procurement Records

The District maintains records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

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. All vendors are

required to submit a Suspension or Debarment Certification as part of their bid submission to the Purchasing Department. The Program Director/Manager will additionally check the vendor status in SAM.gov for all purchases of \$25,000 or more. If the vendor/contractor is found to be suspended or debarred; and consequently, ineligible to receive Federal funds, the vendor will be blocked in eFinance. Query results from SAM.gov may be printed and attached to all requisitions of \$25,000 or more.

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 these criteria would include vendor response time and compatibility of goods/products purchased with those already in use in the district.

Maintenance of Procurement Records. 2 CFR 200.318(i)

The District must maintain records sufficient to detail the history of all procurements. 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, 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 § 200.214

All bids, proposals and all other records received are kept in the Purchasing Department for three (3) years. Once the three (3) years expire, the documents are sent to the PEIMS Records Retention Department and stored for an additional seven (7) years. Requisitions, purchase orders and any other documentation electronically attached to a requisition are electronically stored. 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. 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.

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). To the extent they are awarded, the requirements of 2 CFR § 200.318(j) will be followed.

District employees entering into a contractual agreement with a vendor must seek guidance from the Purchasing Department before signing a binding document.

C. 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 5 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]).

As per Board Policy, "District employees, Board members, and agents of the District should not solicit any gratuities, favors, or items from a contractor or a party to a subcontractor for a federal grant/award and shall not accept a single item with value at or above \$50 or items from a single contractor/subcontractor that have an aggregate monetary value exceeding \$100 in a 12-month period." CB (LOCAL)

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. 2 CFR 200.318

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.")

In accordance with CB (LOCAL), "Each employee, Board member, or agent of the District who is engaged in the selection, award, or administration of a contract supported by a federal grant or award and who has a potential conflict of interest as defined at 2 CFR, section 200.318 (as stated above), shall disclose to the District in writing, any conflict that meets the disclosure threshold in [Chapter 176 of the Local Government Code](#)."

An employee, Board member, or agent of the District who is required to disclose a conflict in accordance with the provisions above shall not participate in the selection, award, or administration of a contract supported by a federal grant or award. CB (Local)

Procedures on Reporting Staff Conflict of Interest

An employee shall disclose to his or her immediate supervisor or Purchasing Director a personal financial interest, a business interest, or any other obligation or relationship that in

any way creates a potential conflict of interest with the proper discharge of assigned duties and responsibilities or with the best interest of the District. DBD (Local)

District employees must report a conflict of interest by completing a [Staff CIS Form](#). In addition, this form requires the individual to report any and all secondary commitments and financial interests that the individual's immediate family may have that could reasonably be expected to affect, or appear to affect, the professional judgment of the district employee. Failure to submit a completed disclosure form to the Business Office may have significant employment consequences.

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)

Disciplinary actions regarding conflict of interest are addressed on Board Policy BBFA (Legal).

"A board may reprimand, suspend, or terminate the employment of an employee who knowingly fails to comply with a requirement adopted under Government Code 176."

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. 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.

The Chief of Staff and the Chief Financial Officer are responsible for investigating any potential conflict of interest.

The Chief Financial Officer, the Executive Officer for Budget and Finance, and the Purchasing Director will satisfy the requirements in 2 CFR § 200.112 by disclosing in writing any potential conflict of interest to the Federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy. The individuals mentioned above will ensure that the

[“Conflict of Interest Disclosure”](#) form is completed and submitted to TEA if any potential conflict of interest concerning the expenditures of federal grant funds administered through TEA exist.

D. Full and Open Competition

All procurement transactions for the acquisition of property or services required under a Federal award must be conducted in a manner providing *full and open competition* consistent with 2 C.F.R § 200.319 and § 200.320. 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.

The Director of Purchasing/Procurement reviews documentation for each procurement transaction to ensure the District is compliant with all the requirements under § 200.319.

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.

The Director of Purchasing/Procurement and the Purchasing Accountant are responsible for reviewing and monitoring purchases to ensure that the selection of the vendor is not based solely on location. The District requires every employee to follow the district purchasing guidelines in which the purchase is generally awarded to the lowest bidder. If a vendor is selected based on a different criterion, a justification is required. Further guidance can be found on the District's Purchasing Procedures Manual.

Solicitation Language 2 CFR 200.319(d)

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).

The Director of Purchasing/Procurement is responsible for reviewing the solicitation documents to avoid restrictive language and ensure full and open competition.

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 District may use the following sources to determine an adequate number of qualified vendors: (1) bidders application forms, (2) previous bid responses, (3) solicitation of vendors by advertisement, (4) Purchasing Cooperatives, (5) and e-mails from interested vendors. Also, the District will not preclude potential bidders from qualifying during the solicitation period. The Director of Purchasing/Procurement is responsible for reviewing prequalified lists and determining if they include an adequate number of qualified sources.

E. 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.

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.

The Purchasing Director ensures that solicitations are open to historically underutilized businesses (HUBs) by including HUBs in all bids and proposals.

Never Contract with the enemy. 2 CFR § 200.215

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

The Director of Purchasing/Procurement will ensure the District contracts comply with this requirement.

Prohibition on certain telecommunications and video surveillance services or equipment. 2 CFR § 200.216

As per § 200.216, (a) recipients and subrecipients 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.

(i)(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.

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

communications equipment and services, to procure replacement equipment and services, and to ensure that communications service to users and customers is sustained.

(c) See Public Law 115-232, section 889 for additional information.

(d) See also §200.471.

Domestic Preferences for Procurements

As appropriate and to the extent consistent with law, the District should, to the greatest extent practical be 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 are included in all subawards including all contracts and purchase orders for work or products under this award. “Produced in the United States” means, for iron and steel products, that all manufacturing process, from the initial melting stage through the application of coatings, occurred in the United States. § 200.322

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

Procurement of Recovered Materials

A non-Federal entity that is a state agency or agency of a political subdivision of a state and its contracts must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resources recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines. 2 CFR § 200.323.

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 \$250,000 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 subgrants 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*.

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 Superintendent and/or the District's Attorney, the Chief Financial Officer, Executive Officer for Budget and Finance and the Director of Purchasing/Procurement are 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 Superintendent, Chief Financial Officer, Executive Officer for Budget and Finance and/or the Director of Purchasing/Procurement have the authority to handle and coordinate any disputes re

Professional Services

As defined in 2 CFR 200.459, the cost of professional and consultant 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, are allowable, subject to paragraphs (b) and (c) of 200.459 when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Federal Government. In addition, legal and related services are limited under §200.435.

Also, Consultants should be used only if the services are necessary to accomplish the objectives of the Federal award, the fees are reasonable in cost, and the District cannot meet the needs by using an employee.

Several exceptions to following one of the 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](#).) Consultant services, on the other hand, shall be procured by using one of the competitive procurement methods identified in TEC § 44.031.

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.

F. Purchase Methods When Using Federal Funds

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 more 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. However, because the District's procurement thresholds are more restrictive only the procurement methods that apply to PSJA ISD will be discussed in this manual.

- *Informal procurement methods*: when the value of the procurement for property or services under a Federal award does not exceed the simplified acquisition thresholds (SAT), as defined in § 200.1, or a lower threshold established by the District, formal procurement methods are not required. The District may use informal procurement methods to expedite the completion of its transactions and minimize the associated administrative burden and cost. The informal methods used for procurement of property or services at or below the SAT include:
 - Micro-purchase
 - Small purchase procedures

However, because state rules are more restrictive informal procurement methods cannot be set at \$50,000 or more

- *Formal procurement methods* – require following documented procedures and public advertising unless a non-competitive procurement can be used in accordance with §200.319
 - Sealed bids
 - Proposals
- *Noncompetitive* (sole source) – there are specific circumstances in which noncompetitive procurement can be used.

The table below compares the purchasing thresholds between the District, the State, and the Federal guidelines. The more restrictive guidelines should be followed consistently.

Use of Federal Funds – Threshold Purchases Comparison			
Threshold	District	State	Federal
\$0 - \$9,999	May require written quotes		Micro Purchase threshold Not to exceed \$10,000 2 CFR 200.320 (a)(1)
\$10,000 - \$49,999	May require written quotes		
\$50,000 - \$250,000	Requires sealed bids or competitive proposals	TEC 44.031(a) ¹	Small Purchase threshold not to exceed \$250,000 2 CFR 200.320 (a)(2)
≥ \$250,000	Requires sealed bids or competitive proposals	TEC 44.031(a) ¹	Formal Procurement Methods 2 CFR 200.320(b)(1)

¹State requirements AND micro-purchase thresholds are based on annual aggregate totals not individual purchases

Micro-Purchases

Federal methods provide for procurement by *micro-purchase*. *Micro-purchase* is defined in 2 CFR § 200.1 as a purchase of supplies or services, the aggregate amount of which does not exceed the micro-purchase threshold. Micro-purchases comprise a subset of a non-Federal entity's small purchases as defined in §200.320. This 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* based on research, experience, purchase history or other information and documents it files accordingly. To the maximum extent practicable, the District must distribute micro-purchases equitably among qualified suppliers.

When allowing micro-purchases, the District adheres to the TEA guidance regarding “like-type” purchases. [[TEA Guidance on Micro-Purchases](#)]

Small Purchase Procedures (\$10,000- 49,999)

Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than \$49,999 in accordance with TEC § 44.031. The District may require three (3) quotes for purchases between \$10,000 and \$49,999.

Commodity Codes

The District uses a modified version of the National Institute of Governmental Purchasing (NIGP) Commodity Codes from the Texas Comptroller’s Office. The commodity code consists of a five-digit code (xxx.xx) broken down by Class (xxx) and Item (xx). Campuses/Departments select the five-digit commodity code at the point of entering the requisition. The Purchasing Department is responsible for verifying the correct commodity code is used for the selected item.

On a monthly basis, the Purchasing Department may run a report reflecting the total spend by commodity code. This report will notify the Purchasing Department which commodities (items) are approaching the \$50,000 aggregate threshold so a formal procurement process may be initiated.

Purchases \$50,000 or More in the Aggregate

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). 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) interlocal 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 two following methods must be used*, depending on the circumstance described below, when purchasing with *federal funds*: sealed bids (formal advertising); or competitive proposals.

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 publicly advertised.

- The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond.
- All bids will be opened 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 2 CFR 200.320(b)(2)

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 department/school/requestor must submit the written method for conducting technical evaluations of the proposals received and for the selecting recipients when awarding the proposal.
- 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 can only be awarded if one or more of the following circumstances apply:

- The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold.
- The item is available only from a single source
- The public exigency or emergency for the requirement will not permit a delay resulting from publicizing competitive solicitation.
- TEA (or other federal awarding agency) expressly authorizes a noncompetitive procurement 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.

The Purchasing Department will verify and confirm that the program or product meets the state criteria above. Owning a copyright or patent will not be the sole criterion to justify a sole source status. When federal funds are used, the Program Director/Manager will request approval from TEA by submitting the "[Request for Noncompetitive Procurement \(Sole Source\) Approval](#)" form or the "[Request for Other Noncompetitive Procurement Approval](#)" form.

In case of an emergency, refer to Board Policy CV (LEGAL).

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 (*step 1*) 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 (*step 2*) 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 (except for food services, which remains at \$150,000 until TDA implements this mandate), including contract modifications. 2 CFR § 200.324(a). A cost analysis generally means evaluating the separate cost elements that make up the total price, while a price analysis means evaluating the total price, without looking at the individual cost elements.

When performing a cost analysis and for each contract where there is no price competition (including sole source contracts), the District 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 C.F.R. § 200.324(b).

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.

To comply with 2 CFR § 200.324, District staff will be required to complete the *Independent Estimate Determination and Cost/Price Analysis Form* (see Appendix 6) for purchases of \$250,000 or more.

Procedures when purchasing Goods or Services with Federal Funds

Prior to each purchase and for each proposed purchase, on each purchase order, purchase requisition, contract, invoice, receipt, travel voucher, 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:

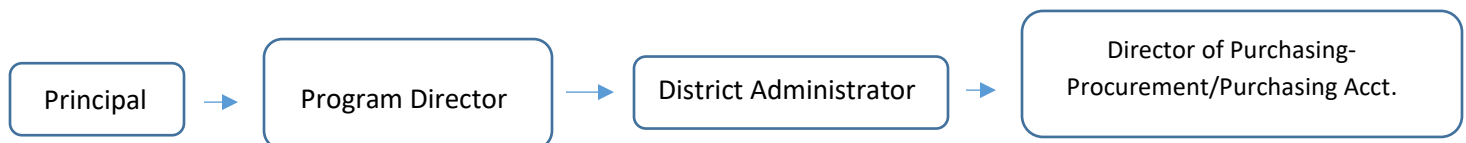
The Campus Administrator/Program Director and the Purchasing Staff (Accountant or Director) verify the proposed purchase is *reasonable in cost* (i.e., comparable to current fair market value) by certifying that the purchase conforms to the [district's purchasing guidelines](#).

The Campus Principal/Program Director 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 ensuring that the cost is supported by a need previously identified in the Campus/District Improvement Plan or IEP. This information is documented in the Purchase Authorization Form or IEP which is attached to each requisition, if applicable. The District will utilize the ESSER Purchase Request Form to document allowability of cost for the ESSER grants.

Approval Workflow

All federally funded purchases follow at a minimum the workflow illustrated below. Only the authorized administrators in the approval path, can approve purchases made from their designated accounts and can certify that district, state and federal guidelines are being followed. Any changes to this work process should be approved by the Chief Financial Officer and/or Executive Officer for Budget and Finance.

Regardless of the method of purchase, all District purchases start with an electronic requisition that follows a workflow and approval path approved by the Chief Financial Officer and/or Executive Officer for Budget and Finance. Once the requisition is approved by all required levels as illustrated below (i.e. principal, Program Director/Manager, administrator, etc.), it turns into a purchase order and it can be used to procure the goods and/or services specified on the purchase order. Sample of a requisition workflow:



** This workflow applies to the federal grants that are managed at the campus level (i.e. Title 1). Other federal programs are managed by the Program Director and do not require Principal's approval (i.e. Migrant)

Summary

Every requisition should include at a minimum the following information either on the face of the purchase order and/or as an attachment with each purchase:

Goods:

- Detailed description of the items
- Quantity and price of each item
- Quotes issued within 30 days
- Lesson plans, if applicable
- Campus (District) Improvement Plan, or IEP to document the need
- Purchase Authorization Form/ESSER Request Form, if applicable
- Contract, if applicable
- Bid information, if applicable
- Cost/Price Analysis, if applicable
- Board Approval, if applicable

Consulting Services:

- Purpose for service
- Dates of service
- Daily fee
- Consultant Packet
- Campus (District) Improvement Plan, or IEP, to document the need
- Purchase Authorization Form/ESSER Request Form, if applicable
- Contract if applicable
- Quotes/RFP, if applicable
- Letter of Intent, if applicable
- Cost/Price Analysis, if applicable
- Board Approval, if applicable

G. Purchasing Cards

Purchases made with credit cards should be closely controlled and monitored to prevent fraud, waste, and abuse.

- Purchasing cards are NOT intended for personal use. Personal purchases will be considered misappropriation of district funds, a criminal offense, and will be reported to the proper authorities.

- Purchasing cards are the property of the District and as such should be retained in a secure location. Only the employee signing out the card is authorized to use it. Permitting another employee to use the card is strictly prohibited.
- Purchasing card purchases shall adhere to all applicable District procedures. Therefore, all purchases should be limited to only the items approved on the purchase order. All purchases must be properly documented. Any altered or forged documentation is strictly prohibited.

Failure to comply with District procedures or careless use of a District purchasing card may result in disciplinary action which could include termination of employment

Types of Cards

The purchasing cards available for use include:

- HEB- is assigned to a campus or can be checked out from the Finance Dept. (requires a Purchase Order)
- Wal-Mart, Sam's, Home Depot, Office Depot - can be checked out from the Finance Department with a purchase order
- EXXON (checked out by an individual) - The EXXON card is restricted to student travel and/or to five (5) or more employees traveling together in a rented vehicle (requires a purchase order)

Using these cards without a purchase order, may result in the loss of card privileges. The cardholder is responsible for safeguarding the card and for returning the card before the close of business day on the same day it's checked out.

Procedures

1. Follow Purchasing Procedures
2. Secretary/bookkeeper opens a requisition and either attaches the quote or lists all items on requisition
3. Purchase order is generated after approval is received from all required parties
4. Cardholder uses purchase order to sign out a card from Business Office or campus designee
5. Cardholder returns purchasing card before the close of the business day
6. Cardholder submits receipt to secretary/bookkeeper within 2 days of purchase
7. Secretary/Bookkeeper reconciles receipt with purchase order and signs receipt certifying completion of this step
8. Secretary/Bookkeeper receives merchandise in eFinance

9. Secretary/Bookkeeper sends original receipt to Accounting for payment within 5 days of purchase
10. Secretary/bookkeeper submits receipt to federal program office to reconcile with purchase order
11. The federal program staff notifies the proper personnel if discrepancies are found.

Receipts

Employees who receive and use district-issued credit cards must submit to the Accounting Office *the original itemized receipt* that identifies each item purchased (and not just the credit card receipt). The itemized receipt constitutes the required original source documentation and must be legible and clearly identify the date of the transaction and *each item* that was purchased. If the employee does not provide an original, itemized receipt, the expenditure may not be charged to a federal grant. All receipts will be reconciled with monthly statements by the Accounting Clerk and filed for audit purposes.

A copy of the receipt should be submitted to the federal program's office to ensure that only items that received prior approval were actually purchased. If discrepancies are found, the Program Director/ Manager will take corrective action and will ensure that the federal program is credited appropriately.

If a receipt is lost, the vendor should be contacted to obtain a duplicate receipt. The employee who signed out the card on that particular day will be responsible for any fees incurred.

The District's general ledger will reflect each individual charge on each credit card statement with each of the following:

- The individual vendor name (i.e. H.E.B., Wal-Mart)
- The grant funding source/fund code
- The expense category (i.e., supplies, instructional materials, equipment, travel, etc.)

Rebates on Purchase Cards: Per TEA, any rebates on a district-issued 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. The Accounting Supervisor will apply any rebates to the original funding source.

Tax Exempt Status

The District is a tax exempt entity. The cardholder must inform the vendor that the purchase is NOT subject to sales tax. So, it's the responsibility of the individual to return to the vendor and request an adjustment if sales taxes are incorrectly charged.

Lost or Stolen Cards

If the card is lost or stolen, the cardholder shall immediately notify the Chief Financial Officer/Executive Officer for Budget and Finance.

Unauthorized Purchasing Card Use

Purchasing cards shall NOT be used for the following:

- a) Personal purchases
- b) Equipment
- c) Computer hardware, software or peripherals
- d) Alcoholic beverages
- e) Gift cards and
- f) Items NOT approved on the purchase order

H. 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 Administrator/Principal requesting services will be responsible for monitoring contractor performance and will submit invoice to Accounting for payment only for services satisfactorily performed in accordance with the written agreement/purchase order.

To ensure proper administration of contracts and any subgrants that may be awarded by the District, the District uses the guidelines in 2 CFR § 200.331 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 *subaward*, whereby funds are awarded to a *subrecipient*. The substance of the relationship is more important than the form of the written agreement.

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, if available
2. The rationale or procedure for selecting a particular contractor

3. Records on the delivery of goods and/or services performed – date of service, purpose of service – ensuring that goods and services are consistent and satisfactorily performed as described in the signed contract or purchase order
4. Documentation that the contractor was *not paid before delivery of goods and/or services were performed*, and
5. Records of all payments made (such as a spreadsheet or report generated from the general ledger), including the total amount paid to the contractor.

NOTE: The Program Director/Manager and/or Purchasing Department are responsible for making sure that the documentation for items 1 through 4 (found in the Consultant Packet, PO or other agreement provided by the contractor) is attached to every requisition. The Accounting Department is responsible for obtaining and maintaining records of all payments made for services rendered (item 5).

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, §§ 50 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 (PO) 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.

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 or purchase order number
- 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

Upon receipt of the goods or services, the campus/department designee will verify the quantity and quality of goods received and ensure the services rendered were those agreed on the contract/purchase order.

By receiving the merchandise in eFinance, the secretary/designee certifies that the merchandise was received in good condition and is ready to be paid. If the purpose of the contract is to purchase equipment (\$5,000 or more) or computing devices (< \$5,000), the Warehouse Manager will inspect and compare the merchandise received against the purchase order. If no discrepancies are found, the merchandise is received in eFinance and tagged before it's delivered to the campus/department. Any discrepancies identified shall be settled with vendor or district staff prior to receiving the merchandise in eFinance.

If the purpose of the contract is to purchase services, the secretary/designee will complete the receiving process in eFinance only after the campus principal/administrator has authorized payment. The secretary/designee will close the line item in eFinance for only the services that have been rendered and are ready to be paid. This step will be repeated until all services are rendered and the purchase order is paid in full.

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](#).

IV. 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 the [definition of 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, exchange, or through a lease accounted for as financed purchase under GASB standards or a finance lease under (FASB standards; and
- Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance). 2 CFR § 200.1.

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

B. Inventory Procedures

All purchases of equipment meeting the District’s capitalization threshold and computing devices are delivered to the Property Control Department. These are inspected by the Warehouse Manager and are matched to the purchase order to ensure that the correct items are received. All equipment and computing devices are tagged and inventoried before they are delivered to the campus/department.

C. Inventory Records 200.313(d)(1)

Equipment and computing devices purchased with federal funds are tagged with an inventory number and funding source. PSJA ISD holds a conditional title for these purchases unless a statute specifically authorizes a federal agency to vest title in the District without further obligation to the federal government.

Property records maintained locally include the description of the property, serial number/tag number, the source of funding, the acquisition date, the cost of the property and the location of the equipment/device. *NOTE: In order to better meet the instructional and immediate needs of our students and staff during the pandemic, some computing devices purchased with federal*

funds may not reside at the location listed on the inventory records. However, the District has implemented procedures to effectively track all the devices issued to students and staff.

Property records also include the use and condition of the property, and any ultimate disposition data for capitalized equipment including the date of disposal and sale price of the property.

D. Physical Inventory 200.313(d)(2)

A physical inventory of the property is taken by campus/department staff and the results are reconciled with the property records once a year.

E. Equipment Insurance and Maintenance of Equipment

The District ensures equipment acquired 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. The employee in the possession of district equipment is responsible for safeguarding and maintaining all the equipment under their care. If technology related equipment is not working properly, the Information Technology Department should be notified to determine if the equipment can be repaired. The Property Control Department is contacted when the equipment is no longer functioning properly and needs to be disposed of. The Property Control Director will comply with Federal regulations when disposing of equipment purchased with federal funds.

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)

Safeguards

All equipment and computing devices are tagged as property of the District. Laptops and iPads have an extra feature that allows the District to track them in case they are lost or stolen. When

issuing computing devices, the campus lab manager is required to check in/out all devices issued to students or staff using the check in/out portal.

Reporting Burglaries & Vandalism

A great emphasis is placed on safeguarding the District's assets. It is the responsibility of every employee to protect district property and to promptly report any suspected or real incident of theft, damage or loss to their immediate supervisor and the campus lab manager/departmental designee. District supervisors are responsible for ensuring that district property under their supervision is adequately protected against damages, theft or loss by following district procedures and protocols as mentioned on this section. Program Directors/Managers must ensure that all such property is used as intended by the federal grant.

Procedures: Damaged, lost or stolen devices must be reported to MIS via the Helpdesk website by creating an "Incident Request" report. For lost or stolen devices, a police burglary report will be required and can be initiated by either a parent or an authorized campus employee by contacting the PSJA ISD Police Department & Security. If the item is not successfully recovered by the District's police department, an adjustment to the inventory is made by the Property Control Coordinator.

Fees collected for damaged, lost or stolen devices shall be credited back to the grant where the device was originally purchased from if the grant is still active. In cases, where the grant is no longer active fees collected may be deposited into the computer fee account.

G. Use of Equipment

Equipment (\$5,000 or more) will be used in the Federal award for which it was acquired as long as needed, whether or not the Federal award 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 Federal award, 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 Federal award; then (2) activities under federal awards from other federal awarding agencies.

The transfer of equipment purchased with federal funds must be approved by the Program Director to ensure that TEA or other federal awarding agency guidelines are properly followed.

During the time equipment is used on the Federal award for which it was acquired, the equipment will also be made available for use on other Federal awards currently or previously supported by the federal government, provided that such use will not interfere with the work on the Federal award for which it was originally acquired. First preference for other use must be given to other Federal awards supported by the federal awarding agency that financed the equipment. Second preference is given to 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 Program Director will submit the [Inventory Disposition Request](#) form to TEA or a similar form to the awarding agency.

The Program Director is responsible for ensuring that approval from TEA is received before the Property Control Department can dispose of any equipment purchased with federal funds. The Property Control Coordinator must ensure that his staff is properly trained on how to dispose (sell) of equipment purchased with federal funds and that they require the approval of the Program Director for all transfers or dispositions of equipment. Equipment purchased with federal funds should not be disposed of without the approval of the Program Director. District's policy on "Disposal of School Properties" should also be followed to guarantee the highest possible return. CI (LEGAL)

Generally, disposition of equipment (acquisition cost of \$5,000 or more) 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.

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 Program Director will follow EDGAR guidelines or contact the TEA Chief Grants Administrator or other awarding agency for disposition instructions of supplies. 2 CFR § 200.314

V. Written Compensation Policies

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 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*.

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.

Job Descriptions

Each employee should have a current job description on file. The immediate supervisor or manager is responsible for developing a complete and accurate job description for each employee under his or her supervision. The job description should 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 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. The immediate supervisor should also sign and date the job description.

The job description must be signed once a year and be immediately available upon request by an auditor or monitor.

A. Documentation of Personnel Expenses

Standards for Documentation of Personnel Expenses

NOTE: Time and Effort requirements do not apply to ESSER I, ESSER II, ESSER III , given that the District is authorized to supplant and use funds on "activities that are necessary to maintain the operation of and continuity of services in the District and continuing to employ existing staff in

order to prevent, prepare for, and respond to the COVID-19 pandemic”, unless the position is split funded between ESSER and another fund source that requires time and effort. The Executive Officer for Learning Acceleration is responsible for monitoring compliance with time and effort guidelines for ESSER funded staff that are split funded between ESSER and another federal fund.

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.

Time and Effort Procedures

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

Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. 2 CFR 200.430.

Time and effort records must:

1. Be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.
2. Be incorporated into the official records of the non-federal entity.
3. Reasonably reflect the total activity for which the employee is compensated by the non-federal entity, not exceeding 100% of compensated activities (for IHEs, this per the IHE's definition of institutional base salary).
4. Encompass both federally assisted and all other activities compensated by the non-federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-federal entity's written policy.
5. Comply with the established accounting policies and practices of the non-federal entity.
6. Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one federal award; a federal award and non-federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.
7. Budget estimates alone will not suffice, and significant deviations from the budgeted work activity must be identified and corrected in a timely manner.

Federal regulations do not specify how frequently time and effort records must be maintained or who (if anyone) must sign the records.

Generally, the District documents time and effort 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 [for programs covered under Ed-Flex, as long as Texas remains an Ed-Flex state, the district may choose to collect a signed and dated job description]; also see exception for schoolwide programs below
- **Personnel Activity Reports (PARs)** -for employees working on more than one program and/or more than one cost objective
- **Substitute system of Time-and-Effort**

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 - Salary

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 under a *single cost objective* funded from eligible multiple funding sources. A Title I, Part A, schoolwide program is a single cost objective. Refer to TEA’s page on [Schoolwide 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 or their supervisors are required to certify in writing, at least semi-annually, that the employee 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. These semi-annual certifications are maintained electronically and shall:

- 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

Procedures:

Semi-annual certifications are signed electronically twice (2) a year.

- Before the emails go out to the federally funded personnel, the Program Director and/or their staff reviews the data selection retrieved from the Detail Distribution (payroll journals) to ensure the accuracy of these records. Each record is then assigned a job title, which will be listed on the periodic certification form.
- Employees receive instructions via e-mail to electronically sign the semi-annual certification through employee access
- Once the employee has been given a reasonable period of time to sign, the immediate supervisor receives an e-mail with instructions to certify as the immediate supervisor having first-hand knowledge of the work performed

Timeline for Periodic Certifications		
Semester	Period Covered	To be signed in
First Term	Sept – Feb	March/April
Second Term	March - Aug	September/October

Charges to the grant should be supported by these semi-annual certifications. All certifications must be retained for auditing and monitoring purposes. The Program Directors are responsible for ensuring that the semi-annual certifications are completed accurately and timely.

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

Working on initiatives and programs that benefit Title I students

Director of Federal Programs

Title I Program Director

However, the following are examples of valid, single cost objectives:

Title I, Part A administration

Title II, Part A administration

Working on the schoolwide program in a Title I schoolwide school

Consolidated administration

Other examples on a single cost objective:

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 parent and family engagement activities. In order to track the 1% expended for this activity, this parent and engagement activity should be identified as a separate activity or cost objective for time and effort purposes.

Personnel Activity Reports

For employees that work on multiple cost objectives, the District generally requires Personnel Activity Reports (PARs), unless the employee(s) obtain approval to maintain alternative time and effort documentation.

Personnel Activity Reports (PARs) must reflect an *after-the-fact* distribution of 100% of the employee's time spent on each activity or cost objective and must be signed by the employee or supervisor with first-hand knowledge. If the employee is not working in accordance with how he/she was budgeted, either the employee's workload needs to be adjusted, or the employee's funding needs to be adjusted. If adjustments to payroll charges are required, the Program Director must diligently submit the request to the Payroll Department. These adjustments should be done at least quarterly to coincide with preparation and submittal of expenditure reports.

Examples of employees who work on multiple 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 Personnel Activity Reports. These are two different cost objectives.

- An employee who works on regular Title I program activities and Title I parent involvement activities must maintain Personnel Activity Reports. (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 Personnel Activity Reports. These are two different cost objectives.

SAMPLE:

Monthly Summary Time-and-Effort Report

(To Be Completed Monthly)

Month: _____

Year _____

Cost Objective/Activity	Percentage of Time

Signature of Employee or Supervisor

Date Signed

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* (Substitute System of Time and Effort Form by TEA) at the end of the reporting period in lieu of traditional time-and-effort records.

This system is targeted to teachers and paraprofessionals with set schedules. In light of the added flexibility under Part 200, this system may be unnecessary. However, the District will consider using this system to document time and effort for qualifying employees if requested.

Employee Exits

There may be circumstances when only the supervisor having first-hand knowledge of the work performed will sign the time and effort records. For example, when the employee is on family leave, retires or leaves the district and is unable to sign because the form is in an electronic format and is generated at the end of the reporting period. In this situation, the supervisor is responsible for certifying that the duties performed are consistent with the distributions (percentages) reported and in compliance with grant requirements.

Stipends or Extra Service Pay

Employees receiving a stipend or extra duty pay from Federal awards, shall document their time and the activity allocable to the Federal award by submitting one or all of the following: a timesheet, an extra duty pay agreement, a semi-annual certification and/or any additional documentation seem necessary by the Program Director.

VI. Human Resources Policies

All employees, including those paid with federal funds and those not, will adhere to the District's written leave policy. Please contact Human Resources for more information.

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).

VII. 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 subgrant; (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 five (5) 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 5-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.

A list of resources to assist District staff with the retention and removal of public school records can be found on the *PEIMS/Records Management* website. The District's retention schedule follows the guidelines set forth by the Texas State Library and Archives Commission. Once, the records have met the retention limit, the awarded vendor retrieves the records and properly disposes of them.

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 5 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 PEIMS Coordinator 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, etc.

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 in accordance with applicable legislative requirements. A machine-readable format is a format in a standard computer language (not English text) that can be read automatically by a web browser or computing system. 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 (PIEMS Coordinator)* is aware of these standards. The Chief of Technology and Student Services 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 hand-written 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 (PEIMS Director)*. 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.

Records that are available only in electronic format are backed up on a regular schedule (such as nightly). If the original electronic records are destroyed or lost due to any reason, the backup location will have a duplicate copy of the records.

The District maintains records in paper and electronically. Paper copies are stored in the Records Warehouse and retained in accordance to PSJA's State Retention Schedule. The Special Education Department has contracted the services of a company that provides electronic record management solutions. This vendor stores, indexes and protects existing records. It gathers inactive files and migrates them to the cloud where district employees can retrieve them when needed. The PEIMS Director ensures that the District complies with the retention schedule regardless of the method of storage.

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.

E. Privacy

District data is stored on password protected network drive, and paper copies with personal information are stored in locked storage rooms/drawers. Employees that handle student confidential data are made aware of the requirements of FERPA. A request for public information is reviewed and authorized by the Director of Communications to ensure compliance with FERPA and the Public Information Act.

For more information on student records which are protected under the Family Educational Rights and Privacy Act of 1974 (FERPA) refer to GRAC (LEGAL). Confidential information under the Public Information Act is summarized in GBAA (LEGAL), FL (LEGAL).

VIII. 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.

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 subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the award for purposes of determining the appropriate subrecipient monitoring.

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.

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 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. Subrecipient Monitoring

In the event that the District awards subgrants to other entities, it is responsible for monitoring those grant subrecipients 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. The District will follow the procedures as stated in the *Subrecipient Monitoring Guidelines* (see appendix 7) to monitor the subrecipients' expenditures.

IX. 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 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.

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.

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

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 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.

The Chief Financial Officer/ Executive Officer for Budget and Finance is responsible for coordinating the annual audit with the external auditors. The Finance Coordinators, Payroll and Accounting Supervisor, Purchasing Director and the Program Directors/Managers will facilitate the audit by providing supporting documentation for grant specific activities. If any findings are identified and corrective action is required, the Chief Financial Officer/ Executive Officer for Budget and Finance will ensure that the proper steps are taken to correct any deficiencies.

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.

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

At Pharr-San Juan-Alamo ISD every District employee is held to high standards. All parties involved in the District's financial transactions shall act with integrity and diligence in duties involving the District's fiscal resources. Therefore, any person who suspects fraud or financial impropriety in the District shall report the suspicions immediately to any supervisor, the Superintendent or designee, Board President, or local law enforcement. Neither the Board nor any District employees shall unlawfully retaliate against a person who in good faith reports perceived fraud or financial impropriety. *Board Policy CAA (LOCAL): Fiscal Management Goals and Objectives – Financial Ethics*

X. 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. Following is a summary of TEA's guidance; however, for a more comprehensive guidance read [TEA's Supplement, Not Supplant Handbook](#).

The District may supplant locally with ESSER funds. Therefore, this section does not apply to the ESSER Grants.

Supplement, Not Supplant: Traditional SNS Compliance Requirements

The intent behind supplement, not supplant, is that federal funds are not meant to substitute for other Federal, state, or local funds (as applicable), 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 (other Federal) 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 Federal law, state law, State Board of Education or Commissioner's rule, or local policy.
- 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*.

The Presumptions of Supplanting

In accordance with the OMB Compliance Supplement, auditors are required to assume that supplanting has occurred in certain circumstances, known as the presumptions of supplanting. Accordingly, supplanting is presumed when:

- The District uses Federal funds to pay for an activity that is required by federal, state or local law; or
- The District uses Federal funds to pay for an activity it supported with state or local funds the prior year.

Rebutting the Presumption of Supplanting

Violations for supplanting with federal funds can be quite severe. If the District 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. For example, if the District has a reduction in discretionary nonfederal funds and the District would otherwise have cut the service or cost, then the District may be able to rebut the presumption that picking up the service or cost with federal funds is supplanting. TEA's [Supplement, Not Supplant Handbook](#) (under *Handbooks*) discusses supplement, not supplant as appropriated under the Every Student Succeeds Act (ESSA).

The USDE provides helpful [non-regulatory guidance on supplement, not supplant](#) with regard to both Targeted Assistance schools and schoolwide 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](#).

Supplement, Not Supplant: Title I, Part A Supplement, Not Supplant Requirements

The fiscal requirements for supplement, not supplant are significantly different for ESSA Title I Part A. However, because the District currently has all Title I schoolwide campuses, the District is exempt from needing to create a methodology, according to the [*U.S. Department of Education's Supplement, Not Supplant Guidance*](#).

Unlike a Targeted Assistance program, however, a *schoolwide* program is *not* required to select and provide supplemental (extra) services to specific children identified as in need of services. A school operating a schoolwide 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 schoolwide 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)*].

Supplement, Not Supplant: Maintenance of Effort Test IDEA Part B

The IDEA also has a supplement not supplant requirement that IDEA funds must be used to supplement State, local and other Federal funds and not to supplant those funds. However, in 2009, the U.S. Department of Education made clear in its [*guidance document*](#) (*Question C-6*) that as long as the District met its local maintenance of effort requirement, the District was meeting the SNS test. Accordingly, there is no separate SNS test for IDEA, Part B.

B. Maintenance of Effort (MOE)

Generally, maintenance of effort is the requirement that the District spend the same amount of non-federal funding on a program from year to year. The intent of the MOE requirement is to

ensure that the level of state and local funding remains consistent from year to year and that federal funds are not used as a basis for a federal grant recipient to reduce the amount of money that it has previously spent on a program.

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. The following links provide guidance on how to interpret and determine the District's compliance with the MOE.

There is no Maintenance of Effort requirement for ESSER grant funds. However, the District will evaluate the impact on the ESSA and IDEA-B MOE if the District chooses to reclassify local and state funds to ESSER grant.

[ESSA LEA Maintenance of Effort](#)

In order to meet the MOE requirement under ESSA, the District must, in the prior fiscal year, expend at least 90% of the funds expended in the second preceding fiscal year. The District may meet this test by calculating either the combined State and local expenditures per student or the aggregate State and local expenditures for a free public education. The LEA fails to maintain effort if it falls below 90% of either the combined fiscal effort per student or the aggregate expenditures (whichever is more favorable for the LEA) in the preceding fiscal year.

Failure to Meet MOE

If the District fails to meet MOE for ESEA programs for any given fiscal year, the award amount is reduced in the exact proportion by which the District did not meet MOE. If the District has met MOE for the last 5 years, TEA will not reduce the District's allocation.

The U.S. Department of Education may waive the District's MOE requirement only in cases of exceptional or uncontrollable circumstances, such as a natural disaster; a change in the organizational structure of the LEA; or a precipitous decline in the financial resources of the LEA. The District would apply to TEA for the waiver request.

Procedures for Complying with MOE

The District complies with [guidance provided by TEA pertaining to the ESSA LEA MOE](#).

The District will use TEA's template to monitor MOE compliance. The Chief Financial Officer / Executive Officer for Budget and Finance will request a waiver from USDE if necessary. The Chief Financial Officer / Executive Officer for Budget and Finance in collaboration with the Program Director/Manager will review and revise the budget and activities described in the

proposed grant application if the allocation is reduced due to failure to comply with MOE requirements.

IDEA, B LEA Maintenance of Effort

IDEA LEA MOE Eligibility Standard

To determine whether the District is eligible for the IDEA award, TEA compares the District's budgeted allocation in the District's upcoming fiscal year for the education of children with disabilities with what the District actually spent in the most recent fiscal year for which information is available. The budgeted amount must be at least the same amount as the amount actually spent by the LEA.

The District may meet the eligibility standard based on total state and local or local funds only or state and local funds or local funds only on a per capita basis.

IDEA LEA MOE Compliance Standard

The compliance standard is an expenditure test to determine whether the District did, in fact, meet the MOE requirement. In determining whether the District is in compliance, TEA will compare the District's actual expenditures from the current year with the actual expenditures from the most recent fiscal year for which information is available. The actual expenditures from the current year must be at least as much as the actual expenditures from the most recent fiscal year. As with the eligibility standard, the District may meet the compliance standard based on total local funds or local funds on a per capital basis.

Exceptions and Adjustments to LEA MOE

In certain circumstances, the District may reduce its budget or level of expenditures for special education services without penalty. Exceptions to the IDEA MOE requirement are:

- The voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel;
- A decrease in the enrollment of children with disabilities;
- The termination of the obligation of the LEA to provide a program of special education to a particular child with a disability that is an exceptionally costly program because the child:
 - Has left the jurisdiction of the LEA;
 - Has reached the age at which the LEA's obligation to provide FAPE has terminated;
 - or
 - No longer needs the special education program.
- The termination of costly expenditures for long-term purchases (e.g., the purchase of equipment or the construction of school facilities)
- The assumption of cost by a high cost fund operated by TEA.

The District may also make an adjustment to its MOE calculation in certain years. If the District's IDEA allocation for a fiscal year is more than its IDEA award from the prior year, the District may reduce its level of local expenditures by not more than 50%. The District must then use the reduction in local expenditures to carry out activities that could be supported with funds under the ESEA. The District, however, may not take this adjustment if TEA determines that the District is unable to establish and maintain programs of FAPE or has taken enforcement action against the District.

If the District is going to reduce its MOE because of an increase in IDEA funds, the District must also reduce that MOE reduction by any coordinated early intervening services (CEIS) set-aside under 34 CFR § 300.226, as further discussed below.

These exceptions and adjustments may be applied by the LEA to meet both the eligibility and compliance standards.

Failure to Meet MOE

If the District fails to meet MOE under IDEA, the District may be required to pay to TEA the exact amount by which the District failed to meet MOE.

TEA Monitoring of IDEA, B MOE

Starting the 2018-19 school year, the Federal Fiscal Compliance and Reporting Division will contact a random sample of LEAs to provide documentation, such as general ledgers and budget reports to support the following amounts reported in the LEA MOE for eligibility section of the schedule BS6016:

1. Amount of special education expenditures for the most recent prior year in which complete expenditure data are available and the LEA was in MOE compliance
2. Budget for special education for 2018–2019

Selected LEAs will be giving two business days to turn-in requested documentation.

Procedures for Complying with MOE

The District complies with [guidance provided by TEA pertaining to the IDEA-B MOE Requirement](#).

The District will use TEA's template to monitor MOE compliance. The Chief Financial Officer / Executive Officer for Budget and Finance will request a waiver from USDE if necessary. The A Chief Financial Officer / Executive Officer for Budget and Finance in collaboration with the Program Director/Manager will review and revise the budget and activities described in the proposed grant application if the allocation is reduced due to failure to comply with MOE requirements.

Maintenance of Equity (MOEquity)

The [MOEquity](#) applies only to ESSER III (and other grants authorized under ARP). The Executive Officer for Learning Acceleration and ESSER Accountant shall complete and ensure that the District is in compliance with the MOEquity requirement. The District must comply with this requirement through September 2023.

USDE Annual Report

This report should be completed based on activities in each State's Fiscal year for ESSER I, ESSER II, and ARP ESSER. Due dates will be determined close to the date of publication of the final template in the Federal Register.

The Executive Officer for Learning Acceleration and the ESSER Accountant will be responsible for completing this annual report.

XI. Programmatic Requirements

A. Private Nonprofit School Participation

If the authorizing federal program statute provides for private nonprofit school participation, the District must comply with certain requirements. Before completing and submitting the application, the District must contact the private nonprofit schools located within the District's boundaries, notifying them of the opportunity to participate in the program. The *Private Nonprofit School Equitable Services (PS3099)* schedule in the applicable federal grant application must be completed and submitted with the application. The Federal Programs Director shall ensure compliance with this requirement. This provision does not apply to ESSER II or ESSER III grant funds.

Generally, in accordance with the specific program statute, private nonprofit schools must be consulted in the planning and development of the project. Both children and teachers from private nonprofit schools must be assured equitable participation in all services, materials, equipment, and teacher training.

Prior to completing any federal grant application, the Program Director ensures that private nonprofit schools have been consulted in accordance with the provisions of the statute and in accordance with the guidelines specified in TEA's [General and Fiscal Guidelines](#) and Program Guidelines. The Program Directors are responsible for ensuring that all requirements with regard to the participation of private nonprofit schools are carried out. Other resources can be found at TEA's [ESSA Private School Equitable Services and CARES Act, ESSER and PNP Equitable Services 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.

The District complies with the requirements for completing the *Equitable Access and Participation* schedule in each federally funded grant application. The Program Director reviews the barriers listed in the grant application and identifies any possible barriers to equitable participation during the needs assessment phase of the program planning. If any are found, these are identified in the grant application and strategies to address these barriers are developed by the Program Director who is responsible for ensuring that these strategies are carried out and the barriers are eliminated.

B. 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.

The four primary civil rights laws are as follows:

Subject	Statute	Regulation
Discrimination on the basis of race, color, or national origin	Title VI of the Civil Rights Act of 1964 (45 USC §§ 2000d-2000d-4)	34 CFR Part 100

Discrimination on the basis of sex	Title IX of the Education Amendments of 1972 (20 USC §§ 1681-1683)	34 CFR Part 106
Discrimination on the basis of handicap	Section 504 of the Rehabilitation Act of 1973 (29 USC § 794)	34 CFR Part 104
Discrimination on the basis of age	The Age Discrimination Act (42 USC §§ 6101 et seq.)	34 FR Part 110

The District must comply with the provisions pertaining to all four of these civil rights statutes and their implementing regulations to be eligible to receive any federal education funds. GEPA requires the Secretary of Education to reduce an allotment to a state for any Districts not in compliance with any of these four civil rights laws. *Title 20 USC, Chapter 31 – General Provisions Concerning Education, § 1231e*

Other federal laws that prohibit discrimination include [Title II of the Americans with Disabilities Act](#) (ADA) of 1990, which prohibits discrimination on the basis of disability by public entities, whether or not they receive federal funding. The [Boy Scouts of America Equal Access Act](#) amends the Elementary and Secondary Education Act (ESEA), § 8525. This Act prevents public schools from discriminating against patriotic youth societies, including Boy Scouts of America, by ensuring equal access to meet on school premises and in school facilities.

Each civil rights law is discussed in more detail below. These laws require that all recipients of federal funds ensure their educational programs are administered in a manner that prohibits discrimination in the participation of federal programs. The [USDE Office for Civil Rights](#) (OCR) enforces these laws and their implementing regulations.

Prohibition of Discrimination on the Basis of Race, Color, or National Origin

[Title VI of the Civil Rights Act of 1964](#) prohibits discrimination in the participation of federal programs on the basis of *race, color, or national origin*. No person shall be excluded from participation in, be denied the benefits of, or be subjected to any form of discrimination in, any federal program on the basis of race, color, or national origin.

Specific discriminatory actions that are prohibited include

- denying an individual any service or other benefit provided under the program

- providing any service or other benefit to an individual which is different, or is provided in a different manner, from that provided to others under the program
- subjecting an individual to segregation or separate treatment in any matter related to his or her receipt of any service or other benefit under the program
- restricting an individual in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any service or other benefit under the program
- treating an individual differently from others in determining whether he or she satisfies any admission, enrollment, quota, eligibility, membership or other requirement or condition which individuals must meet in order to be provided any service or other benefit provided under the program
- denying an individual an opportunity to participate in the program through the provision of services or otherwise or afford him or her an opportunity to do so which is different from that afforded others under the program
- denying a person the opportunity to participate as a member of a planning or advisory body which is an integral part of the program

Every federal grant application includes an assurance that the District complies with these provisions. The assurance is included in the TEA [General Provisions and Assurances](#).

The District may be required to submit to the USDE OCR records that demonstrate compliance with the provisions. The District must also permit on-site access to records by USDE OCR staff to verify compliance.

Any person who believes to have been the subject of discrimination may file a written complaint with the USDE OCR not later than 180 days following the alleged discrimination. OCR staff will promptly investigate the complaint and attempt to resolve it informally. If the complaint cannot be resolved informally, the USDE has the right to suspend or terminate federal funding for the program affected. The USDE must provide an opportunity for a hearing prior to suspension or termination of the program.

The regulations that implement Title VI of the Civil Rights Act for educational institutions are in [34 CFR Part 100](#), [34 CFR §§ 75.500 and 76.500](#) and [Title VI of the Civil Rights Act of 1964](#)

The Chief of Staff is responsible for coordinating and ensuring compliance with this Act.

Prohibition of Discrimination on the Basis of Sex

Title IX of the Education Amendments of 1972 prohibits discrimination on the basis of sex in any federal program. No person shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any academic, extracurricular, research, occupational training, or other education program or activity.

The regulations in [34 CFR Part 106](#) implement the provisions of Title IX. These regulations require that

- the District designate at least one employee to coordinate its efforts to comply with and carry out its responsibilities under Title IX, including investigating any complaint communicated to the District alleging its noncompliance with Title IX. The District must notify all its students and employees of the name, office address, and telephone number of the employee or employees appointed to carry out the requirements of Title IX.
- the District adopt and publish grievance procedures providing for prompt and equitable resolution of student and employee complaints alleging any action which would be prohibited by Title IX.
- the District implement specific and continuing steps to notify students, parents and employees that it does not discriminate on the basis of sex in the educational programs or activities which it operates, and that it is required by Title IX and 34 CFR Part 106 not to discriminate in such a manner. The District must publish in any document used to recruit students or employees the policy that states that the District does not discriminate on the basis of sex.

There are certain exceptions, such as allowing boys and girls to be separated in physical contact activities, such as football, soccer, basketball, boxing, etc.

The District must not discriminate on the basis of a student's pregnancy. The District must also not discriminate on the basis of sex in the employment of personnel, compensation, fringe benefits, or work assignments under any federal programs.

Every federal application includes an assurance that the District complies with these provisions. The assurance is included in the TEA [General Provisions and Assurances](#). *Title IX of the Education Amendments of 1972*; [34 CFR Part 106](#); and *34 CFR §§ 75.500 and 76.500*

The Chief of Staff is responsible for coordinating and ensuring compliance with this Act.

Prohibition of Discrimination on the Basis of Age

The [Age Discrimination Act of 1975](#) prohibits discrimination based on *age* in programs or activities that receive federal financial assistance. The regulations in [34 CFR Part 110](#) implement the *Age Discrimination Act* and describe conduct that violates the Act.

No person in the United States shall, on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance. The District may not, in any program or activity receiving federal financial assistance, directly or through contractual, licensing, or other arrangements, use age distinctions or take any other actions that have the effect, on the basis of age, of

- (1) excluding individuals from, denying them the benefits of, or subjecting them to discrimination under a program or activity receiving federal financial assistance
- (2) denying or limiting individuals in their opportunity to participate in any program or activity receiving Federal financial assistance

These regulations do not apply to:

- (1) an age distinction contained in that part of a federal, state, or local statute or ordinance adopted by an elected, general purpose legislative body that
 - (i) provides any benefits or assistance to persons based on age
 - (ii) establishes criteria for participation in age-related terms
 - (iii) describes intended beneficiaries or target groups in age-related terms
- (2) any employment practice of any employer, employment agency, labor organization, or any labor-management joint apprenticeship training program, except any program or activity receiving federal financial assistance for employment under the Job Training Partnership Act (29 U.S.C. 1501 *et seq.*).

The regulations do not apply where age is a factor in conducting normal operations of the District. For example, where the District is operating a program or activity that provides special benefits

to children, the use of age distinctions is presumed to be necessary to the normal operation of the program or activity.

Age discrimination in *employment* is covered under the [Age Discrimination in Employment Act](#). Complaints of employment discrimination based on age may be filed with the U.S. [Equal Employment Opportunity Commission](#).

The District must take steps to comply and maintain records demonstrating compliance. The District may be required to submit to the USDE OCR records that demonstrate compliance with the provisions and must also permit on-site access to records by USDE OCR staff to verify compliance. The District must

- Designate at least one employee to coordinate its efforts to comply with and carry out its responsibilities under the *Age Discrimination Act*, including investigating any complaint communicated to the recipient alleging its noncompliance with the Act. The District must notify all its students of the name, office address, and telephone number of the employee or employees appointed to carry out the requirements of the Act.
- Adopt and publish grievance procedures providing for prompt and equitable resolution of student complaints alleging any action which would be prohibited by the Age Discrimination Act.

The USDE may conduct compliance reviews, pre-award reviews, and other similar procedures to investigate and correct violations of the Act and of the regulations, even in the absence of a complaint against the District. The review may be as comprehensive as necessary to determine whether a violation of the regulations occurred.

If a compliance review or pre-award review indicates a violation of the Act or of the regulations, the USDE attempts to achieve voluntary compliance with the Act. If voluntary compliance cannot be achieved, the USDE arranges for enforcement.

Any person who believes to have been the subject of age discrimination may file a written complaint with the USDE OCR not later than 180 days following the alleged discrimination. OCR staff is required to promptly refer the complaint for mediation. If the complaint cannot be resolved through mediation, the USDE will conduct an investigation and attempt to achieve voluntary compliance by the District. If the District does not comply, the USDE has the right to suspend or terminate federal funding for the program affected. The USDE must provide an opportunity for a hearing prior to suspension or termination of the program.

The Act prohibits retaliation for filing a complaint with OCR or for advocating for a right protected by the Act.

An assurance that the District complies with these provisions is included in the TEA [General Provisions and Assurances](#). [Age Discrimination Act of 1975](#); [34 CFR Part 110](#); and [34 CFR §§ 75.500 and 76.500](#)

The Chief of Staff is responsible for coordinating and ensuring compliance with this Act.

Prohibition of Discrimination on the Basis of Disability

In addition to the [Individuals with Disabilities in Education Act](#) (IDEA), there are two other laws pertaining to non-discrimination on the basis of disability:

- Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination on the basis of disability in programs or activities that receive federal financial assistance from the USDE
- [Title II of the Americans with Disabilities Act](#) (ADA) of 1990, which prohibits discrimination on the basis of disability by state and local governments, including school districts, regardless of whether they receive any federal financial assistance

Section 504 of the *Rehabilitation Act of 1973*, effective May 1977, is widely recognized as the first civil-rights statute for persons with disabilities. Because it was successfully implemented over the next several years, it helped to pave the way for the 1990 [Americans with Disabilities Act](#). The *Americans with Disabilities Act Amendments Act of 2008* (Amendments Act), effective January 1, 2009, amended the *Americans with Disabilities Act of 1990* (ADA) and included a conforming amendment to the *Rehabilitation Act of 1973* (Rehabilitation Act) that affects the meaning of *disability* in Section 504.

Section 504 and Title II of ADA are both unfunded mandates with which all school districts [as well as ESCs and open-enrollment charter schools] must comply. **It is important to recognize that while a specific child enrolled in the District may not be eligible for services under IDEA, the child *may* be eligible for protection under Section 504.** Failure to comply with Section 504 could result in costly hearings and potential lawsuits.

Section 504

Section 504 states that no otherwise qualified individual with a disability in the United States shall, solely by reason of her or his disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

Section 504 defines *individuals with disabilities* as “persons with a *physical or mental impairment* which substantially limits one or more *major life activities*.” However, a student protected under Section 504 may also have a *record* of such an impairment or be *regarded* as having such an impairment.

Physical or mental impairment means, including but not limited to, functions of the immune system, normal cell growth, digestive, bowel, bladder, neurological, brain, respiratory, circulatory, endocrine, and reproductive functions. It includes any physiological disorder or condition, cosmetic disfigurement, or anatomical loss affecting one or more body systems, as well as any mental or psychological disorder.

Major life activities were expanded in the Amendments Act and now include

- caring for oneself
- performing manual tasks
- seeing
- hearing
- eating
- sleeping
- walking
- standing
- lifting
- bending
- speaking
- breathing
- learning
- reading
- concentrating
- thinking
- communicating
- working

The regulations implementing Section 504 in the context of educational institutions appear at [34 CFR Part 104](#). These regulations require a school district to provide a "free appropriate public education" (FAPE) to each qualified student with a disability who is in the school district's jurisdiction, regardless of the nature or severity of the disability. Under Section 504, FAPE consists of the provision of regular or special education and related aids and services designed to meet the student's individual educational needs as adequately as the needs of nondisabled students are met.

Determining whether a child is a *qualified disabled student* under Section 504 begins with the evaluation process. Section 504 requires the use of evaluation procedures that ensure that

children are not misclassified, unnecessarily labeled as having a disability, or incorrectly placed, based on inappropriate selection, administration, or interpretation of evaluation materials.

School districts must establish standards and procedures for initial evaluations and periodic re-evaluations of students who need or are believed to need special education and/or related services because of disability. The Section 504 regulations require districts to individually evaluate a student before classifying the student as having a disability or providing the student with special education. In addition, evaluation and the provision of appropriate accommodations are required regardless of any methods the student might be using to mitigate the impairment.

Costs related to provisions under Section 504 must come from state or local funds. Such expenditure must not be paid from federal grant funds.

Title II of ADA

[Title II of the Americans with Disabilities Act of 1990](#) extends this prohibition against discrimination to the full range of state and local government (including public schools) services, programs, and activities *regardless of whether they receive any federal financial assistance*.

However, "for purposes of employment", *Qualified Individuals with Disabilities* must also meet "normal and essential eligibility requirements", such that:

"*Qualified Individuals with Disabilities* are persons who, with *Reasonable Accommodation*, can perform the essential functions of the job for which they have applied or have been hired to perform."

"*Reasonable Accommodation* means an employer is required to take reasonable steps to accommodate [one's] disability unless it would cause the employer undue hardship."

That is, *Qualified Individuals with Disabilities* must be able to perform the job duties (with reasonable accommodation) associated with the job for which they will be hired.

Enforcement of Section 504 and Title II of ADA

The USDE OCR enforces the provisions of *Section 504* and the provisions of *Title II of ADA* as it applies to LEAs. An assurance that the grantee complies with these provisions is included in the TEA [General Provisions and Assurances](#).

Although the implementing regulations for *Title II of ADA* in *28 CFR Part 35* are enforced by the U. S. Department of Justice (DOJ), the USDE Office of Civil Rights is designated by DOJ to resolve complaints filed against SEAs and LEAs.

The 504/Dyslexia Director coordinates and ensures compliance with the requirements under this section as it pertains to the student population. The Chief of Human Resources is the ADA/Section 504 coordinator responsible for coordinating the District's efforts to comply with these requirements when addressing the needs of the District staff.

Section 504 of the Rehabilitation Act of 1973; [34 CFR Part 104](#); 34 CFR §§ 75.500 and 76.500; [Title II of the Americans with Disabilities Act of 1990](#); [Americans with Disabilities Act Amendments Act of 2008](#); and 28 CFR Part 35

Prohibition of Discrimination of Groups Affiliated with Boy Scouts of America

Under this Act, Districts that sponsor any group affiliated with Boy Scouts of America or any other patriotic youth society must not discriminate against such youth or deny equal access to, or fair opportunity to meet in, school facilities or on school premises. Patriotic youth societies include, among others, Big Brothers Big Sisters, Boys and Girls Clubs of America, Girl Scouts of the U.S.A., and Little League Baseball, Inc. This does not require that the District *sponsor* a group affiliated with Boy Scouts of America or similar patriotic youth society.

The U.S. Supreme Court has ruled that the Boy Scouts have the right to set their own standards for leadership. Schools must respect that right and not exclude the Boy Scouts because of its membership and leadership policies and oath of allegiance to God and country.

[34 CFR Part 108](#) implements the provisions of the Act. The District shall not deny access or opportunity or discriminate for reasons including the membership or leadership criteria or oath of allegiance to God and country of the Boy Scouts or of a similar patriotic youth society.

Any group officially affiliated with the Boy Scouts or officially affiliated with any other patriotic youth society that requests to conduct a meeting in the District's facilities or on school grounds must be given equal access to school premises or facilities to conduct meetings. Such groups must also be given equal access to any other benefits and services provided to other groups that are allowed to meet on school premises or in school facilities. These benefits and services may include, but are not necessarily limited to, school-related means of communication, such as bulletin board notices and literature distribution, and recruitment.

Any decisions relevant to the provision of equal access must be made on a nondiscriminatory basis. Any determinations of which youth or community groups are *outside groups* must be made using objective, nondiscriminatory criteria, and these criteria must be used in a consistent, equal, and nondiscriminatory manner.

The USDE OCR enforces the requirements of the Act.

ESEA, as Amended by the Every Student Succeeds Act, § 8525, Equal Access to Public School Facilities; [Boy Scouts of America Equal Access Act](#); and [34 CFR Part 108](#)

School Prayer

A related provision applies to constitutionally protected prayer in public schools. As a condition of receiving ESSA funds, the District must certify in writing that no policy of the District prevents, or otherwise denies participation in, constitutionally protected prayer in public elementary and secondary schools. Per statute, the certification must be provided to TEA by October 1 of each year. However, TEA includes the certification in the federal ESSA Consolidated Application each year in the [New EDGAR: Provisions and Assurances](#), thus eliminating the need for LEAs to submit a separate certification.

The provision also requires the Secretary to provide guidance to Districts and to publish the guidance on the Internet. A link to the guidance is provided below. *ESEA, as Amended by the Every Student Succeeds Act, § 8524*

[USDE Guidance on Constitutionally Protected Prayer in Public Schools](#)

The Assistant Superintendent for Student Services coordinates and ensures compliance with the requirements of this Act.

XII. 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)
 - <http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>
- [Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards \(2 CFR Part 200\)](#)
- [USDE's Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards \(2 CFR Part 3474\)](#)
- Federal education program statutes, regulations, and guidance
 - <http://www.ed.gov/>

Appendices

Appendix 1 – Organizational Chart of the District

Appendix 2 – Travel Advance/Reimbursement Form

Appendix 3 – Purchase Authorization/ Request to Travel/ESSER Purchase Request Forms

Appendix 4 – Out of District Travel Form

Appendix 5 – Travel Cost Comparison Form

Appendix 6 – Independent Estimate Determination and Cost/Price Analysis Form

Appendix 7 – Subrecipient Monitoring Guidelines

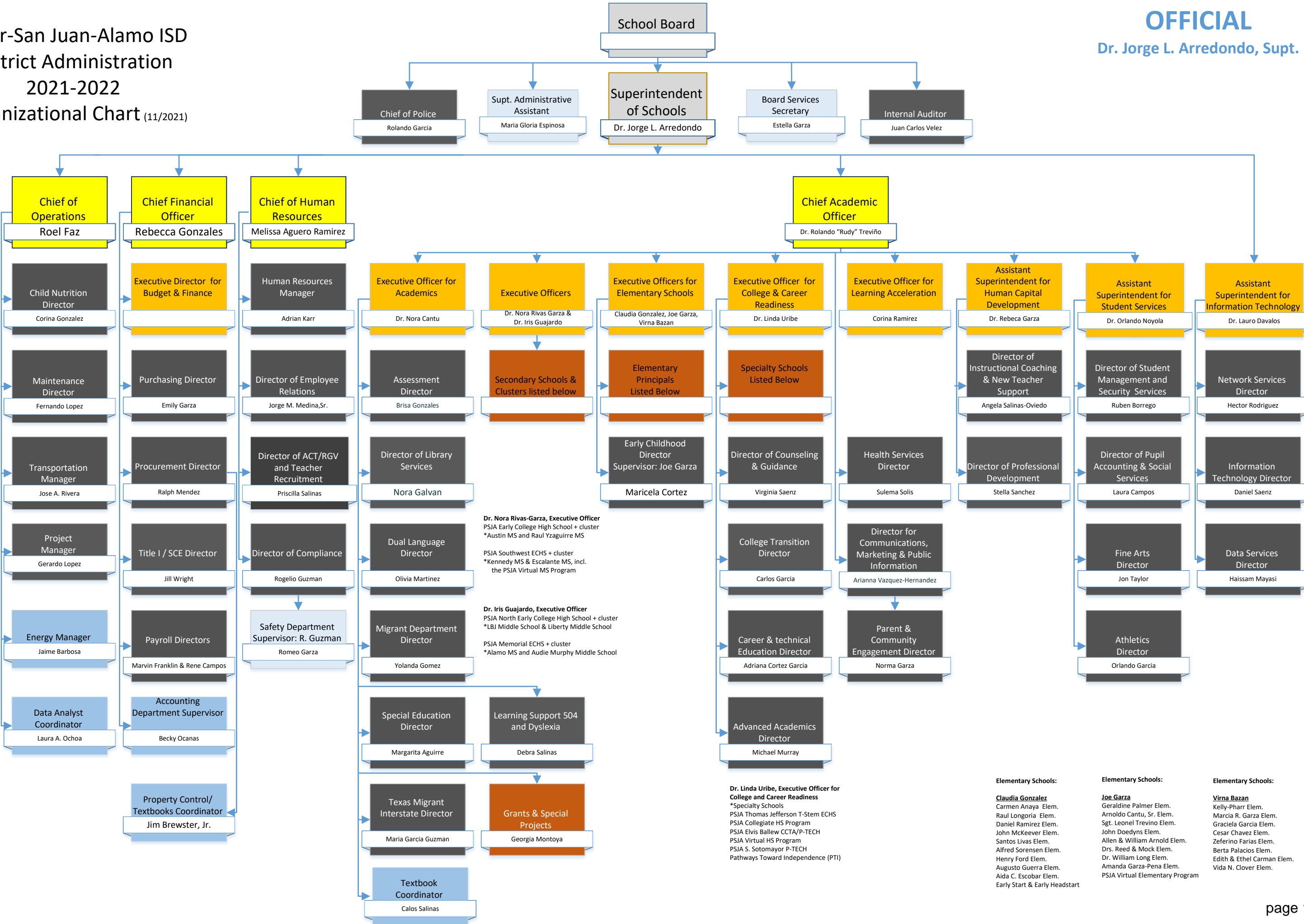
Appendix 8 - Purchasing Flowchart

Appendix 9 - Best Practices for Professional Services Contracts

Appendix 10 – COVID-19 Supplement to the Federal Grants Manual

Pharr-San Juan-Alamo ISD
District Administration
2021-2022
Organizational Chart (11/2021)

OFFICIAL
Dr. Jorge L. Arredondo, Supt.



PHARR-SAN JUAN-ALAMO I.S.D.

TRAVEL ADVANCE/REIMBURSEMENT FORM

Requests for out-of-town travel advances must be submitted to the Office of Instruction at least 14 days prior to the first travel day. Requests for post-trip reimbursements should include a copy of original travel advance with actual expenses listed and receipts substantiating expenses attached. Please attach conference literature as backup. One copy of this form must be attached to each requisition for travel.

Only mileage and meal per diem as per GSA-Domestic Per Diem Rates (www.gsa.gov) can be advanced. Meal requirements are as follows (exclude meals provided by organization that are included in registration fees):

Breakfast: Leaving by 6:00 a.m. or returning after 10:00 a.m.	- \$ 8.00
Lunch: Leaving by 10:00 a.m. or returning after 2:00 p.m.	- \$ 12.00
Dinner: Leaving by 2:00 p.m. or returning after 8:00 p.m.	- \$ 16.00

Name of Traveler & Employee ID Number (Required)	Title	Campus/Department
Conference Title	Conference Dates	Location
Budget Account Number	Hotel	

Additional persons attending the same conference

Departure Date	Departure Time	Return Date	Return Time						
<table style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 25%;">SCHEDULE OF EXPENSES</th> <th style="width: 15%;">REQUISITION #</th> <th style="width: 20%;">TOTAL ESTIMATE FOR TRIP</th> <th style="width: 15%;">ADVANCE</th> <th colspan="2" style="width: 25%;">(REIMBURSEMENT) ACTUAL DIFFERENCE</th> </tr> </table>				SCHEDULE OF EXPENSES	REQUISITION #	TOTAL ESTIMATE FOR TRIP	ADVANCE	(REIMBURSEMENT) ACTUAL DIFFERENCE	
SCHEDULE OF EXPENSES	REQUISITION #	TOTAL ESTIMATE FOR TRIP	ADVANCE	(REIMBURSEMENT) ACTUAL DIFFERENCE					
Registration Fee (paid to organization)			\$						
Car Allowance									
# of miles ____ @ ____ per mile			\$						
Air Travel (paid to travel agency or reimbursed when receipt is presented after travel)									
Lodging # of nights ____ @ ____			\$	\$	\$				
(Reimbursement as per GSA Per Diem Rates per room with receipt. Request Government, Education or Convention Rate.)									
Meals (as per GSA Per Diem Rates)									
Breakfast # ____ @ \$ 8.00			\$	\$	\$				
Lunch # ____ @ \$ 12.00			\$	\$	\$				
Dinner # ____ @ \$ 18.00			\$	\$	\$				
Other: (Please list, receipt required)			\$	\$	\$				
			\$	\$	\$				
			\$	\$	\$				
TOTAL ALL EXPENSES			\$	\$	\$				

AUTHORIZATION SIGNATURES:

Signature of Traveler	Date	Principal/Immediate Supervisor	Date
Department Head/Director	Date	Senior Staff	Date
Superintendent's Cabinet	Date	Superintendent	Date

EDGAR Purchase Authorization Form

CAMPUS: _____ ESTIMATED COST: _____

ACCOUNT NUMBER(S): _____

DESCRIPTION OF PURCHASE: _____

Please complete each question and provide additional explanation or documentation as necessary.

Campus Need: The cost is in respond to a campus need addressed on the Campus Improvement Plan (CIP) or grant application. Page # _____. (Attach Copy of CIP, IEP, or grant application)

Allowable: A cost must be allowable under federal cost principles in [2 CFR Part 200 \(EDGAR\), subpart E](#).

Reasonable: 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. 2 CFR 200.404

- *Is this the minimum amount I need to spend to meet my need?*

How is this cost "reasonable"? _____

Necessary: A cost is necessary if it's vital (required) to meet the objectives of the grant or for the grant to be successful.

- *Is the cost needed for the proper and efficient performance of the grant?*

How is this cost "necessary"? _____

Allocable: A cost is allocable if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. 2 CFR 200.

- *Is the cost incurred specifically for the Federal award?* ☐ Yes ☐ No
- *Is the charge to the program in proportion to the value received?* ☐ Yes ☐ No

Additional Procurement Requirements:

Please certify that this purchase complies with the following:

- ☐ Yes ☐ N/A Capital Outlay (equipment/license with a unit cost of \$5,000 or more) - *Attach* TEA approval
- ☐ Yes ☐ N/A Price/Cost Analysis (applies to purchases of \$250,000 or more) – *Attach* forms
- ☐ Yes ☐ N/A Vendor Debarment/Suspension Verification -*Attach* backup if \$25,000 or more

Supplement, Not Supplant Provision. Check One: ☐ Supplemental Purchase ☐ Title I, Part A Schoolwide Purchase

Method of Procurement: Check One ☐ Micro-Purchase ☐ Local Procedures ☐ Co-Operative

By signing below, I attest that these purchases are *allowable, reasonable, necessary* and *allocable* as specified above, and that I have reviewed and complied with the "Additional Procurement Requirements" if applicable.

Signature of Account Manager

Date

- ☐ APPROVED
- ☐ NOT APPROVED

PROGRAM/PROJECT DIRECTOR

DATE

Refer to the Federal Grant Policies and Procedures Manual for more information

Revised 02/10/2020

EDGAR Request to Travel Form

CAMPUS: _____ TRAVEL DATES: _____

Conference Title: _____ # of Travelers: _____

Destination: _____ Estimated Cost: _____

Funding Source: _____

IS THIS TRAVEL A REQUIREMENT OF THE FEDERAL GRANT PROGRAM? ☐ Yes ☐ No

.....
Please complete each question and provide additional explanation or documentation as necessary.

Please circle one: In-state Travel or Out-of-state Travel (requires TEA form)

NOTE Out-of-state travel requires the completion and submission of the “Justification of Specific Expenditure: Out-of-State Travel” (TEA form) to the federal program office prior to travel. These forms must be maintained locally and made available to TEA upon request. The “Travel Cost Comparison” form is required when requesting air travel for an in-state conference only.

Campus Need: The travel is in respond to a campus need addressed on the Campus Improvement Plan (CIP) or grant application. Page # _____. (Attach Copy of CIP, IEP, or grant application)

Allowable: A cost must be allowable under federal cost principles in [2 CFR Part 200 \(EDGAR\), subpart E](#) and under the terms and conditions of the federal grant award AND must be reasonable, necessary and allocable.

Reasonable: 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. 2 CFR 200.404

- *Do I really need to attend this conference?*
- *Is this the minimum number of attendees I need to send to meet my need?*

How is this cost “reasonable”? _____

Necessary: A cost is necessary if, it’s vital (required) to meet the objectives of the grant or for the grant to be successful.

- *Is the cost needed for the proper and efficient performance of the grant?*
- *Is participation of the individual(s) relevant to the grant program? (Provide participants’ job titles)*

How is this cost “necessary”? _____

Allocable: A cost is allocable if the goods (services) involved are chargeable/assignable to that Federal award or cost objective in accordance with relative benefits received. 2 CFR 200.405

- *Is the cost incurred specifically for the Federal award?* ☐ Yes ☐ No
- *Is the charge to the program in proportion to the value received by that program?* ☐ Yes ☐ No

.....
By signing below, I attest that this trip is allowable, reasonable, necessary and allocable.

Signature of Account Manager

Date

- ☐ APPROVED
☐ NOT APPROVED

PROGRAM/PROJECT DIRECTOR

Date

Revised 05/14/2019

ESSER III PSJA Purchase Request Form

Campus/Department: _____

Date: _____

Account Number: _____

Estimated Amount: _____

DESCRIPTION OF PURCHASE: _____

How is this purchase necessary to “prevent, prepare for, or respond to the COVID-19 pandemic, including its impact on the social, emotional, mental health, and academic needs of the students”?

How is this purchase reasonable to meet the intent mentioned above?

Uses of funds: Please select one or more of the allowable uses of funds listed below that best describes the purpose of this purchase.

<input type="checkbox"/>	Any activity authorized under ESEA, IDEA, the Adult Education and Family Literacy Act, Carl D. Perkins Career and Technical Education of 2006, and McKinney-Vento Homeless Assistance Act
<input type="checkbox"/>	Coordination of preparedness and response efforts of local educational agencies with state & local public health departments, and other relevant agencies, to improve the coordinated responses among such entities to prevent, prepare for, and respond to coronavirus
<input type="checkbox"/>	Provide principals and other school leaders with the resources necessary to address the needs of their individual schools
<input type="checkbox"/>	Activities to address the unique needs of low-income children or students, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and foster care youth, including how outreach and service delivery will meet the needs of each population
<input type="checkbox"/>	Developing and implementing procedures and systems to improve the preparedness and response efforts of local educational agencies
<input type="checkbox"/>	Training and professional development for staff of the local educational agency on sanitization and minimizing the spread of infectious diseases
<input type="checkbox"/>	Purchasing supplies to sanitize and clean the facilities of a local educational agency, including buildings operated by such agency
<input type="checkbox"/>	Planning for and coordinating during long-term closures, <ul style="list-style-type: none"> a. including for how to provide meals to eligible students b. including for...how to provide technology for online learning to all students c. ...how to provide guidance for carrying out requirements under the individuals with Disabilities Education Act (20 U.S.C. 1401 et seq) d. including for...how to ensure other educational services can continue to be provided consistent with all Federal, State, and local requirements
<input type="checkbox"/>	Purchasing educational technology (including hardware, software, and connectivity) by students who are served by the local educational agency that aids in regular and substantive educational interaction between students and their classroom instructors, including low-income students, and students with disabilities, which may include assistive technology or adaptive equipment
<input type="checkbox"/>	Providing mental health services and supports
<input type="checkbox"/>	Planning and implementing activities related to: <ul style="list-style-type: none"> a. summer learning...including providing classroom instruction or online learning during the summer months and addressing the needs of low-income students, students with disabilities, English learners, migrant students, students experiencing homelessness, and children in foster care b. supplemental afterschool programs, including providing classroom instruction or online learning...addressing the needs of low-income students, students with disabilities English learners, migrant students, students experiencing homelessness, and children in foster care
<input type="checkbox"/>	Other activities that are necessary to: <ul style="list-style-type: none"> a. maintain the operation of, and continuity of, services in local educational agencies b. continuing to employ existing staff of the LEA

Additional Procurement Requirements:

Please certify that this purchase complies with the following:

- ☐ Yes ☐ N/A Capital Outlay (equipment/license with a unit cost of \$5,000 or more) - *Attach* TEA approval
☐ Yes ☐ N/A Price/Cost Analysis (applies to purchases of \$250,000 or more) – *Attach* forms
☐ Yes ☐ N/A Vendor Debarment/Suspension Verification (applies to all federally funded purchases)-*Attach* backup
☐ Yes ☐ N/A Construction Projects (Attach Completed ESSER Pre-Approval Request)

Method of Procurement: Check One ☐ Micro-Purchase ☐ Local Procedures ☐ Co-Operative

By signing below, I attest that these purchases are *allowable, reasonable, necessary and allocable* as specified above, and that I have reviewed and complied with the “Additional Procurement Requirements” if applicable.

Principal/Program Director _____

_____ Date

☐ APPROVED
☐ NOT APPROVED

Executive Officer of ESSER _____

_____ Date

PHARR-SAN JUAN-ALAMO I.S.D.
CERTIFICATION OF OUT-OF-DISTRICT TRAVEL

I, _____, traveled to _____, _____,
City State

From _____ to _____ to attend or
conduct presentations at the _____.
Conference/Workshop/Meeting

I received an advance of \$_____ (P.O. # _____) and spent the
entire amount on meal expenses.

If applicable, also complete the following:

I am requesting reimbursement of the additional expenses incurred with this trip.

Attached are receipts for:

- | | |
|---|----------|
| <input type="checkbox"/> Hotel | \$ _____ |
| <input type="checkbox"/> Airport Parking Fees | \$ _____ |
| <input type="checkbox"/> Taxi Fees | \$ _____ |
| <input type="checkbox"/> Car Rental Fee | \$ _____ |
| <input type="checkbox"/> Meal Expense(s) not covered in advance
(not to exceed \$36 per day) | \$ _____ |
| <input type="checkbox"/> Other Expense: _____ | \$ _____ |

Signature of Traveler

Date

Signature of Supervisor

Date

Travel Cost Comparison

Campus/Department:

Date Submitted:

Conference Title:

Conference Dates:

Location:

of Employees Attending:

Expenditure	Driving		Flying	
	Departure Date:	Return Date:	Departure Date:	Return Date:
	Own Vehicle	Rental		
Mileage				
Meals				
Lodging				
Parking				
Airfare				
Shuttle/Taxi				
Rental Fee				
Substitute Pay				
TOTALS	-	-		-

As indicated in the local Purchasing Procedures Manual, the most cost effective method of transportation must be selected when traveling on school business. **Approved** airfare **may** be paid by the District directly to the travel agency or may be reimbursed to the employee with a receipt after travel is taken.

IMPORTANT The Travel Cost Comparison must be completed before making any flight reservations. Expenditures for all attendees should be included.

Immediate Supervisor's Signature

Date

Pharr - San Juan - Alamo ISD
**INDEPENDENT ESTIMATE DETERMINATION AND
COST OR PRICE ANALYSIS (REASONABLENESS)**

Purpose: Federal regulations require documentation of cost analysis or price analysis for every procurement action at or above \$250,000 (*see* 2 C.F.R. § 200.323). As part of the analysis, the District is required to make independent estimates of the goods or services being procured *before* receiving bids or proposals. This requirement is documented in Part 1. The Independent Estimate Determination section (Part 1) of this form, is used to document the value of the good or services in the current market **PRIOR** to seeking bids, proposals, or quotes. The Cost or Price Analysis or Part 3 section is used to document the analysis showing that the offered price is fair and reasonable and must be completed after bids and proposals are received but **BEFORE** awarding a contract. These forms are kept as part of the procurement file to demonstrate that the procurement process was conducted in an open and fair manner and that the District received the most advantageous price.

Instructions:

1. Complete the Independent Estimate Determination section (Part 1) of this form **PRIOR** to seeking bids, proposals or quotes.
 2. Request bids, proposals or quotes (Part 2)
 3. Complete the Cost or Price Analysis (Part 3) form for each vendor being recommended for contract award.
 4. Complete all applicable sections according to the instructions given. An incomplete form cannot be approved.
 5. Sign in blue ink and date the form.
 6. Include original in the board approval package
-

Prepared by: _____

Date: _____

Department: _____

Phone Number: _____

Good or service to be acquired: _____

**PART 1
INDEPENDENT ESTIMATE DETERMINATION**

Below is a guide for the completion of the Independent Estimate Determination.

ESTIMATE TYPE	ITEMS TO INCLUDE	SUPPORTING DOCUMENTATION
Goods/Equipment	<ol style="list-style-type: none"> 1. Product description 2. Estimated quantity 3. Unit price 4. Markups – overheads –profit 5. Desired delivery schedule 6. Warranty 	<ol style="list-style-type: none"> 1. Vendor/market survey 2. Current or past contracts for the same or similar product 3. Historical price and costs data
Services (other than professional services, as defined by Tex. Educ. Code § 44.031(f) and/or Tex. Gov't Code Ch. 2254)	<ol style="list-style-type: none"> 1. Description of services 2. Anticipated contract term and start date 3. 	<ol style="list-style-type: none"> 1. Current or past contracts for similar services 2. Other departments doing similar work 3. Historical price and cost data

This Independent Estimate is for: ☐ Goods/Equipment ☐ Services

Description of the goods or services included in this estimate.

Source used to develop Independent Estimate (please attach supporting documentation)

- ☐ Vendor/market survey (*applies to goods/equipment only*)
- ☐ Historical price and costs data
- ☐ Other departments doing similar work (*applies to services only*)
- ☐ Current or past contracts for similar product or service
- ☐ Other (please specify source and attach supporting documentation):_____

.....
I certify that I developed the independent estimate in Part 1 prior to receiving bids or proposals as required by 2 C.F.R § 200.323. I further certify that to the best of my knowledge and belief, the information provided above and attached hereto is true and correct and that the costs or price offered or the fee negotiated are necessary, fair, and reasonable.

 Full Name of Individual Preparing Form

 Signature

 Date

**PART 2
BIDS AND PROPOSALS**

**Request Bids, Proposals or Quotes
CANNOT proceed to PART 3 until bids and/proposals are received.**

Date bids are opened (if applicable)_____

**PART 3
COST OR PRICE ANALYSIS**

AFTER bids and proposals are received, but **BEFORE** awarding a contract, the District conducts either a price analysis or 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.

[Procurement Type, e.g., RFP, RFQ] #: _____

Independent Estimate Produced before Receiving Bids or Proposals: ☐ Yes (attach supporting document(s))

Vendor: _____

Amount: _____

**(Attach written quotation or other information that documents the estimate of cost or price reasonableness)
(As necessary include unit costs, rates, schedules, price estimates, and budgets, etc.)**

I. Procurement Type

This expenditure of \$250,000 or more is being made under one or more of the following (check those that apply and attach supporting documentation):

For items A – C, please complete *Section II (Price Analysis)*

- A. ☐ Interlocal agreement or purchasing cooperative (TEC 44.031(a)(4) / Tex. Gov't Code Ch. 791; 2 C.F.R. § 200.318(e)), including construction services
- B. ☐ Request for Proposals (or Competitive Sealed Proposals) for goods or services, including construction services
- C. ☐ Competitive Bidding for goods or services, including construction services

For items D – K, please complete *Sections III (Cost Analysis) and IV (Profit)*

- D. ☐ Sole source (as defined under TEC 44.031(j))
- E. ☐ Emergency procurement (as defined under TEC 44.031(h))
- F. ☐ Competitive Bidding, Competitive Sealed Proposal, or Request for Proposals (where the solicitation is publically posted) where only one (1) bid/proposal is received
- G. ☐ Professional services (as defined under TEC 44.031(f) and/or Ch. 2254 of the Tex. Gov't Code) where no price competition exists prior to selection

- H. ☐ Design Build; Construction Manager-Agent
- I. ☐ Price adjustment to Purchase Order No. _____ or Contract No. _____ (and already procured under item A – I)
- J. ☐ Extension of an existing contract past its initial term. Contract extension is allowed under procurement method or contract, if allowed by Board policy.
- K. ☐ Cost-reimbursement contract

Note: When using federal funds, Construction Manager-at-Risk or other Cost-Plus contracts are prohibited.

II. Price Analysis: *If the expenditure is being made under items A, B, or C in Section I (Procurement Type) above, complete this Section only. You are not required to complete Sections III or IV.*

Price offered is considered fair and reasonable for the following reason(s), and if applicable, is supported by attached documentation and/or a detailed discussion of the price analysis (select at least one applicable situation):

- ☐ Comparison of previous district purchase order and contract prices with current proposed price, for the same or similar items. Both the validity of the comparison and the reasonableness of the previous price(s) have been established. *Attach the referenced purchase orders/contracts, amounts, issuance dates, and how they are similar to the current purchase.*
- ☐ Comparison with Vendor's published price lists, market prices, pricing indexes, and discount or rebate arrangements. *Attach published price list or other published pricing information used (a vendor's quotation or correspondence does not qualify as a published price list).*
- ☐ Comparison of proposed price with independent estimates, which were determined to be allowable under 2 C.F.R. Part 200, Subpart E—Cost Principles. *Attach estimates used.*
- ☐ Comparison of proposed price with prices obtained through market research for the same or similar items. *Attach documentation of research conducted.*
- ☐ The order is priced in accordance with existing PSJA ISD Purchase Order No. _____ and/or PSJA ISD Contract , which was competitively established.
- ☐ Other reason (specify and attach supporting documentation if applicable): _____

III. Cost Analysis: *If you selected D–K in Section I (Procurement Type), complete this Section and attach a detailed breakdown of the vendor's proposed costs (e.g., labor, materials, profit, reimbursable expenses).*

After analyzing and verifying vendor's cost information, it is determined that each of the cost items listed by the vendor is allocable, reasonable, necessary, and therefore, allowable in accordance with 2 C.F.R. Part 200, Subpart E—Cost Principles for the following reason(s) (select at least one applicable situation and attach supporting documentation and/or a detailed discussion of the cost analysis):

- ☐ Comparison of costs proposed with actual costs previously incurred by the same vendor for the same or similar work.
- ☐ Comparison of costs proposed with actual costs of previous same or similar work performed by other vendors.
- ☐ Comparison of costs proposed with previous cost estimates from the vendor or other vendors for the same or similar items or work.
- ☐ Comparison of costs proposed with the District's independent estimate, which was determined to be allowable under 2 C.F.R. Part 200, Subpart E—Cost Principles. *Attach independent estimate.*
- ☐ Comparison of costs proposed with the methods proposed by vendor with the requirements of the solicitation, i.e., *do the costs reflect the technical approach proposed and the work required?*
- ☐ Verification that the costs proposed conforms to the appropriate set of cost principles.

- ☐ Verification of the accuracy of the cost and pricing information submitted and evaluating the application of audited or pre-negotiated (e.g., by the Federal Government) indirect cost (e.g., overhead) rates, labor and fringe benefit rates, or other factors.
- ☐ Verification of the accuracy of cost and pricing information proposed and evaluation of the effect of vendor's current practices on future costs.
- ☐ Verification of the accuracy of the cost and pricing information submitted and evaluation of vendor's projected cost trends.
- ☐ Other reason (*specify and attach supporting documentation if applicable*):

IV. Profit: *If you selected D – K in Section I (Procurement Type), complete this Section.*

Negotiated profit amount (attach supporting documentation): _____

Profit negotiated is considered fair and reasonable for the following reasons, and is supported by attached documentation and/or a detailed discussion of the cost or price analysis (*you must complete each item below and explain reasoning; attach additional pages and/or supporting documents if necessary*):

- ☐ Consideration of the complexity of the work to be performed. _____
- ☐ Consideration of the risk borne by the contractor. _____
- ☐ Consideration of the contractor's investment. _____
- ☐ Consideration of the amount of subcontracting. _____
- ☐ Consideration of the quality of contractor's record of past performance. _____
- ☐ Consideration of industry profit rates in the surrounding geographical area for similar work. _____

PART 4
CERTIFICATIONS

I certify that the information provided above is true and correct to the best of my knowledge and belief. I further certify that I have determined that the costs or price offered or the fee negotiated are necessary, fair, and reasonable.

Full Name of Individual Preparing Form

Signature

Date

APPROVED:

Level One: Federal Program Director (Print Name)

Signature

Date

Level Two: Purchasing Director (Print Name)

Signature

Date

Level Three: Chief Financial Officer (Print Name)

Signature

Date

Subrecipient Monitoring Guidelines

A **subrecipient** is a third-party organization performing a portion of Pharr-San Juan-Alamo ISD's sponsored project or program. The terms of the relationship are documented in a subaward (subgrant / subcontract / consortium agreement). These guidelines are intended to assist responsible faculty and staff in ensuring (1) that the subrecipient is conducting its portion of the project in compliance with applicable laws and regulations and with the terms of the award and subaward, and (2) that the subrecipient's portion of the projects costs is reasonable and allowable. Subrecipient monitoring is required by the federal government for federally funded subawards.

Roles and Responsibilities

1. Principal investigators (PIs) or their departmental grant administrators have primary responsibility for the monitoring of subrecipients to ensure compliance with federal regulations and with the terms and conditions of both the prime award and the subaward. PIs or their departmental grant administrators are also responsible for the collection of subrecipient federal audits, if necessary.
2. The Grants Department (GD) has responsibility for ensuring that subaward agreements contain appropriate federal and other applicable regulations consistent with sound business practices and distributed to all necessary parties.
3. Business Service's Department Finance Coordinator (BFC) or Administrator has responsibility for assisting PIs in reviewing invoices from subrecipients, questioning expenditures, if necessary, and general cost allowability issues.
4. Resolution of complex subrecipient monitoring issues or the determination of courses of action will be done jointly by the PI, GD, BSD, and/or other appropriate administrative officials.

Federal Regulations

The federal regulations that describe subrecipient monitoring are general, but contain the following core elements of compliance:

- The routine receipt and review of technical performance reports.
- The routine review of expenses vs. budget.
- The option to periodically perform on-site visits, if necessary.
- The option to perform "audits," if necessary.

It is also important to note that there may be additional sponsor-specific or program-specific requirements that mandate collection and documentation of other kinds of assurances (e.g., human subjects, etc.) during the course of the project.

PSJA's Subrecipient Monitoring Guidelines

Certain subrecipient monitoring requirements imposed upon federally funded subawards are set forth in OMB Circular A-133. Verification of the subrecipient's annual audit must be obtained from each subrecipient whose Federal funding level exceeds \$500,000 during the subrecipient's fiscal year. This is handled by the PI or departmental grant administrator. Possible monitoring activity includes the following:

Desk Audits

Collection of Technical Performance Reports – Technical Performance Reports should be reviewed and evaluated on a timely basis by the PI, unusual or unforeseen items should be investigated, and reports should be retained on file in the department for ready access by auditors. In some cases, subaward terms may require specified deliverables in addition to, or in lieu of, technical reports.

Review of Invoices and Expenses-to-Budget -- For cost-reimbursement subawards, the subrecipient's invoices showing both current period and cumulative expenses-to-budgets are generally required. PIs (or their departmental administrator) should compare the subrecipient's invoices to the established subaward budgets. Evidence of the regular review of invoices should be in place and retained on file. "Evidence" can be in the form of PI initials or an authorizing signature on invoices, e-mail communications, etc.

Clarification of Invoiced Charges – PIs (or their departmental grant administrator) should request explanations for any "unusual," "miscellaneous," "other," or apparently excessive charges invoiced by the subrecipient. If the explanations received are not sufficient to render a prudent judgment on the allowability of the cost, PIs may request detailed justifications from subrecipients. Examples of detailed justifications that may be requested from subrecipients are:

- Payroll records / data.
- Copies of paid invoices showing the cost of items purchased, and Vendor Justification Forms, if required by federal contract.
- Descriptions of services rendered by consultants, including hourly rates and time reports.
- Detail of travel charges incurred, stating the purpose, airfare, meals, ground transportation, unallowables, etc.

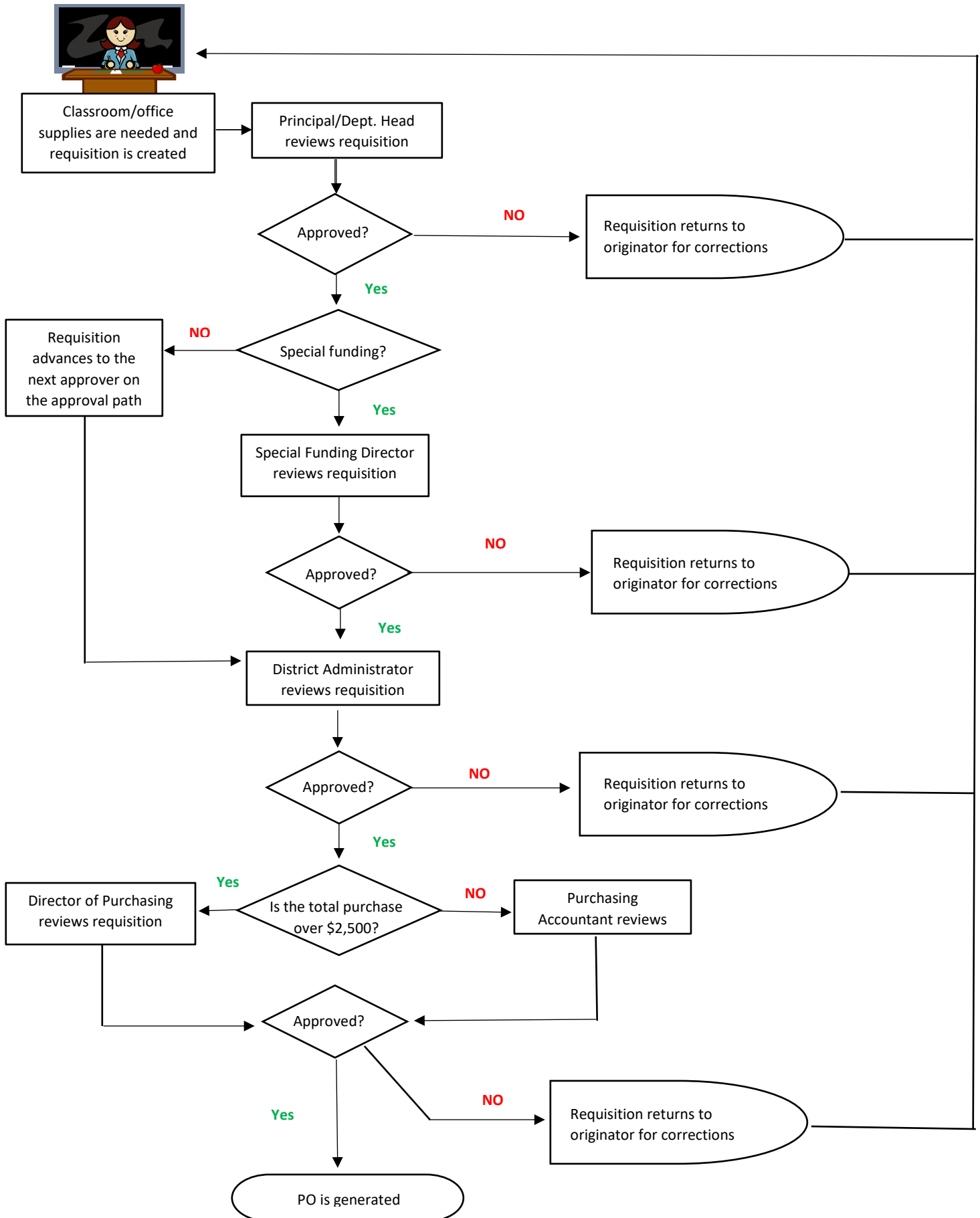
Costs determined to be unallowable or unreasonable should be disallowed. PIs should work with Grants and Contracts Administration to make such determinations. In extreme

circumstances where questionable costs remain unsolved, it may be necessary to have an audit conducted. In such situations, PIs should contact BFC and GD (see Audits, below).

On-site Visits – On-site visits are a discretionary monitoring procedure. On-site visits conducted by the PI to evaluate both compliance with the scientific objectives of the project and the appropriateness of the subrecipient's administrative systems, processes, and charges should be documented via correspondence, meeting notes, trip reports, etc., and retained on file. (Onsite visits are optional and only as deemed necessary.)

Audits – Discretionary audits of subrecipients are an acceptable monitoring procedure under federal regulations. Formal audits are performed very infrequently, however.

PSJA ISD
Purchasing Flowchart



Guidance and Best Practices

The Texas Education Agency requires all professional services contracts be effective only during the period of availability of the funds identified in the Notice of Grant Award (NOGA). However, subgrantees may negotiate contracts prior to the effective date of the contract.

This guidance is provided solely to assist the subgrantee in identifying key issues to consider regarding allowable uses of funds as it relates to professional services contracts. This guidance does not replace the advice of a subgrantee's legal counsel. Implementing best practices outlined below will assist subgrantees in avoiding potential audit/monitoring findings. For specific clarifications, subgrantees should contact their legal counsel.

1. A letter of intent to contract with a third party may be signed prior to the issuance of a NOGA.
 - a. The letter of intent should contain a provision that the future contract is contingent upon receipt of the specific NOGA.
 - b. Execute the contract *after* the NOGA is issued.
2. When negotiating to sign a contract before the receipt of the NOGA, the contract should contain the following provisions:
 - a. The contract is only effective upon receipt by the subgrantee of the NOGA from the awarding agency.
 - b. The contract period is aligned to the grant period of availability as stated on the NOGA from the awarding agency (period of availability).
 - c. All services will be completed during the effective dates of the contract.
 - d. All services will be invoiced monthly after services are received (rather than paid lump sum at the beginning of the period of availability before services are rendered) and paid upon verification of receipt of services.
 - e. The regulations for procurement in 2 CFR §§200.318-323 are followed in issuing the contract.
 - f. All professional services provided under the contract will follow the provisions of 2 CFR 200.459 Professional service costs.
 - g. The contract identifies the funding sources that will be charged for the services provided, including the specific amount and/or percentage of the total contract amount to be charged to each funding source.
 - h. The contract identifies and lists only reasonable, necessary, and allocable services to be provided during the period of availability of the funding sources listed in the contract.
 - i. The administrative costs charged to the grant in the contract must comply with any limitations for administrative costs for funding sources (if applicable).
 - j. 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.

Appendix 10: COVID-19 Supplement to the Federal Grants Manual

Federal grant management has become more complex during the COVID-19 pandemic due to the waivers and flexibilities to ongoing federal grant programs and the influx of additional federal grants such as Emergency and Secondary School Emergency Relief (ESSER) Grant Programs.

Elementary and Secondary School Emergency Relief (ESSER) Grant Programs

ESSER grant funding is authorized in three pieces of legislation. As a result, the ESSER programs are administered by TEA as separate grant programs. An ESSER side-by-side is under development.

ESSER grant funds were authorized under three (3) separate federal legislations. ESSER program information by federal legislation is provided below:

ESSER I Grant Program

(FAR code 266)Authorized in [Title VIII, Division B, of the Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#), signed into law in March 2020. Period of availability is March 13, 2020 (with pre-award), to September 30, 2022 (with carryover).

CRRSA ESSER II Grant Program

(FAR code 281)Authorized in [Title VIII, Division B, of the Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#), signed into law in March 2020. Period of availability is March 13, 2020 (with pre-award), to September 30, 2022 (with carryover).

ARP ESSER III Grant Program

(FAR code 282)Authorized in the [American Rescue Plan Act \(ARP\)](#), signed into law in March 2021. Period of availability is March 13, 2020 (with pre-award), to September 30, 2024 (with carryover).

ESSER-SUPP Grant Program

(Use ESSER III FAR code 282, along with a local option code to distinguish it as separate from ESSER III)The Texas Legislature authorized under TEC Section 29.930 as added by House Bill 1525, 87th Legislature, Regular Session, a portion of the state’s discretionary ESSER III funding to provide additional resources to pay for unreimbursed costs due to the coronavirus pandemic and for intensive educational supports for students not performing satisfactorily.

Information related to these federal grant funds such as program guidelines, sample application, program-specific provisions and assurance, and critical event deadlines are available on the TEA Grant Opportunities webpage at: [GrantProgramDetails \(state.tx.us\)](#) [Hint: Search on keyword “ESSER”].

TEA has created numerous resources to aid school districts in managing the federal grant funds such as:

- [ESSER Side-by-Side Requirements Document](#)
- [ESSER FAQ](#)
- [ESSER FAQ Submission](#)
- [ESSER Justification/Documentation of Allowable Users of ESSER Funds](#)
- [Pre-Approval for Construction, Remodeling, Alteration, Renovation, or Repair Costs](#)

Other federal and/or state pandemic-related grants are also available. Information on some of the additional grant opportunities is available on the TEA COVID-19 webpage at: grants are at: [Coronavirus \(COVID-19\) Support and Guidance | Texas Education Agency](#)

Federal Grant Management COVID-19 Related Provisions

In addition to the general federal grant management provisions in the Federal Grant's Manual, the following changes have been implemented to ensure compliance with the new federal grant funds.

Grant Application Process:

The position(s) list below shall be responsible for leading the development of the ESSER grant applications. Due to the substantial supplanting of state funds, some districts have opted to assign an administrator, other than an existing federal grant coordinator/director to complete and submit the ESSER federal grant applications.

- ESSER I: Jill Wright
- ESSER II: Corina Ramirez
- ESSER III: Corina Ramirez
- TCLAS ESSER III: Corina Ramirez
- TCLAS HQ After-School: Corina Ramirez

Budgeting ESSER Grant Funds:

Due to the opportunity to budget and expend ESSER federal grant funds as a pre-award costs retroactively to March 2020, the Executive Officer and CFO shall work collaboratively to ensure that the ESSER federal grant funds are budgeted and expended in each fiscal year in accordance with the ESSER grant application.

The ESSER Accountant, shall budget ESSER grant funds in the appropriate fund code as authorized by Financial Accountability System Resource Guide, or the granting agency, as appropriate.

Period of Performance (Obligations)

The ESSER Accountant and Executive Officer shall be responsible to oversee that all costs for ESSER grants are within the period of performance as specified on the NOGA and grant application if a pre-award cost was approved.

Procurement Standards and Expenditures of Grant Funds

The district shall utilize the ESSER Purchase Request form to document all ESSER grant fund expenditures. The district's purchasing procedures shall be utilized for all ESSER grant fund purchases.

Construction projects with ESSER grant funds shall be pre-approved by TEA before the bid process or construction begins. The [Pre-Approval for Construction, Remodeling, Alteration, Renovation, or Repair Costs](#) form shall be used to secure the preapproval from TEA. All Davis-Bacon Act requirements shall be adhered to if using ESSER grant funds for construction. The Chief of Operations shall monitor and ensure compliance with the Davis Bacon Act including the use of prevailing wages and posting the legally-required Davis Bacon Act poster.

Property Standards and Management

All assets purchased with ESSER grant funds shall be added to the district's asset inventory records in compliance with EDGAR. The funding source, such as ESSER I, II or III shall be part of the asset records. The ESSER-funded assets shall be labeled with federal grant program. The district will purchase assets with ESSER grant funds. The district will use ESSER III grant funds for construction.

Fixed Assets procedures reflecting changes due to the USDE COVID-19 flexibilities are attached.

Cost Principles – Allowable Costs

Although there is great flexibility with the use of the ESSER grant funds, the district shall ensure that all grant expenditures are well documented. Specifically, the allowable costs shall be in compliance with the ESSER grant application and the statutorily allowed activities.

Although, gifts are normally unallowable uses of federal funds, USDE issued guidance on gift cards for vaccinated students. Gift cards used for Student COVID-19 Vaccinations should follow the procedures written under the "Student COVID-19 Vaccine Incentives" of this manual.

Revised procedures related to compensation and travel costs with USDE COVID-19 flexibilities are attached.

Compensation and Benefits

The district shall utilize the School Board approved compensation plan for all payments with ESSER grant funds. Additional compensation strategies such as one-time payments, retention payments, etc. shall be approved by the School Board as part of the district's compensation plan. Incentives are not allowed with federal grant funds; therefore, the district will not utilize ESSER grant funds to pay incentives to staff or others.

The School Board has authorized the following additional compensation strategies with ESSER grant funds:

- ESSER III: Retention Stipend
- ESSER III: Vaccine Stipend

Job Descriptions for ESSER Grant Funded Staff

The Executive Officer shall develop and distribute a job description to all district staff that is wholly or partially funded with ESSER grant funds based on the payroll sheets maintained in HR. The job description shall include the funding source(s) and the job duties as they relate to the grant position.

Time and Effort Documentation

District staff wholly paid from ESSER grant funds will not be required to comply with federal guidelines related to time and effort. An LEA must maintain time distribution records (sometimes called "time and effort" reporting) only if an individual employee is split-funded between ESSER and other grants that require time and effort.

ESSER Grant Compliance Requirements

Supplement, Not Supplant

LEAs may supplant locally with ESSER funds. Due to having no supplement, not supplant requirement, an LEA may use its unrestricted indirect cost rate for these grants.

Maintenance of Effort (MOE)

There is no Maintenance of Effort requirement for ESSER grant funds. However, the district will evaluate the impact on ESSA and IDEA-B MOE if the district chooses to reclassify local and state funds to ESSER grant funds.

Equitable for Service for Private

For ESSER I grant funds, the district shall provide equitable services to participating private non-profit schools per Title I, Part A Equitable Services Provisions. The Federal Programs Director shall oversee compliance with these provisions. This provision does not apply to ESSER II or ESSER III grant funds.

Maintenance of Equity (MOEquity)

A new requirement for Maintenance of Equity (MOQ) applies only to ESSER III (and other grants authorized under the ARP). The local MOEquity requirement is that LEAs shall not reduce (1) per-pupil spending of state and local funds, or (2) FTEs, for any high poverty school by an amount that exceeds the total reduction(s) within the LEA. "High poverty school" is defined as a school with a higher percentage of economically disadvantaged students than the median school percentage of the LEA or the LEA's grade span (based on Title I, Part A economically disadvantaged student data).

The ESSER Accountant and Executive Officer shall ensure that the district is in compliance with the MOEquity requirement. The district must comply with this requirement through September 2023.

ESSER III (and other ARP federal grant awards) Program-Specific Requirements

The district shall create and maintain an ESSER III Use of Funds Plan after conducting meaningful consultation with required stakeholders. The Plan shall be prominently posted on the district's website. The Executive Officer shall be responsible for oversight, update and posting of the ESSER III Use of Funds Plan.

The district shall create an **LEA Safe Return to In-Person Instruction and Continuity of Service Plan Requirements** plan. The plan must also be reviewed and, as appropriate, revised every six months until September 30, 2023, including stakeholder input and public comment. If the LEA revises its plan, the revised plan must address each of the aspects of safety currently recommended by the CDC at the time of the revision or, if the CDC has updated its safety recommendations at the time the LEA is revising its plan, each of the updated safety recommendations.

The Executive Officer shall be responsible for oversight, update and posting of the LEA Safe Return to In-Person Instruction and Continuity of Service Plan.

ESSER III requires a minimum of **20% for learning loss strategies**. The school district must expend a minimum of 20% of their grant funds on evidence-based interventions, such as summer learning, extended day comprehensive after-school programs, or extended school year programs. Secondly, the

district must ensure interventions respond to students' academic, social, and emotional needs and address disproportionate impact of coronavirus on student populations as defined in ESEA, Title I, Part A; students experiencing homelessness; and youth in foster care.

The Executive Officer and ESSER Accountant shall ensure that at least 20% of the ESSER III grant funds are used in compliance with the learning loss requirements. The ESSER Accountant shall be responsible for monitoring the ongoing expenditures directly related to learning loss strategies to ensure compliance with this requirement.

USDE COVID-19 Waivers and Flexibilities

Several COVID-19 Waivers and Flexibilities were made available to federal grantees (school districts). A list of some of the flexibilities are noted below:

- [Procuring, Donating, or Loaning Personal Protective Equipment and Other Medical Supplies and Equipment Purchased with Federal Funds Updated November 2, 2020](#)
- [Fact Sheet Regarding Contracted Services Not Performed Due to COVID-19 Updated August 2020](#)
- [Fact Sheet for Repurposing Federal Equipment and Supplies to Combat COVID-19 Updated October 2020](#)
- [Fact Sheet: Select Questions Related to Use of Department of Education Grant Funds During the Novel Coronavirus Disease 2019, April 8, 2020](#)