

CORSICANA INDEPENDENT SCHOOL DISTRICT

FINANCIAL ADMINISTRATIVE PROCEDURES MANUAL

2023 - 2024



EFFECTIVE JULY 1, 2023

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Introduction

This manual sets forth the policies and procedures used by Corsicana ISD (the “LEA”) to administer federal funds. The manual contains the internal controls and grant management standards used by the LEA to ensure that all federal funds are lawfully expended. It describes in detail the LEA’s financial management system, including cash management procedures, procurement policies; inventory management protocols; procedures for determining the allowability of expenditures; time and effort reporting; record retention; and sub-recipient monitoring responsibilities. New employees of the LEA, as well as incumbent employees, are expected to review this manual to gain familiarity and understanding of the LEA’s rules and practices.

Although this manual is not all-inclusive and cannot address all situations, it does provide general information to assist with standard financial operations and grants management. All LEA personnel with financial duties and program-specific fiscal duties are responsible for the contents.

Waste, Fraud, and Abuse

To ensure the public receives the most value, the LEA strives to ensure its administrative management of public funds is as effective and efficient as possible, with a high standard of accountability to prevent waste, fraud, and abuse.

All trustees, employees, vendors, contractors, consultants, volunteers, and any other parties who are involved in the LEA’s financial transactions shall act with integrity and diligence in duties involving the LEA’s financial resources.

The LEA prohibits fraud and financial impropriety, as defined below, in the actions of its trustees, employees, vendors, contractors, consultants, volunteers and others seeking or maintain a business relationship with the LEA.

Fraud and financial impropriety includes, but is not limited to:

- Forgery or unauthorized alteration of any document or account belonging to the LEA;
- Forgery or unauthorized alteration of a check, bank draft, or any other financial document;
- Misappropriation of funds, securities, supplies, or other LEA assets, including employee time;
- Impropriety in the handling of money or reporting of LEA financial transactions;
- Profiteering as a result of insider knowledge of LEA information or activities;
- Unauthorized disclosure of confidential or proprietary information to outside parties;
- Unauthorized disclosure of investment activities engaged in or contemplated by the LEA;
- Accepting or seeking anything of material value from contractors, vendors, or other persons providing services or materials to the LEA;

- Destroying, removing, or inappropriately using records, furniture, fixtures, or equipment;
- Failure to provide financial records required by state and local entities;
- Failure to disclose conflicts of interest as required by policy; and
- Any other dishonest act regarding the finances of the LEA.

Any person who suspects fraud or financial impropriety shall report the suspicions immediately to any supervisor, the Superintendent or designee, the Board President, or local law enforcement.

Contact information can be found on the LEA website (<http://www.cisd.org/domain/21>).

If assistance is needed in any area of our business operations, please contact any of the staff members listed on the LEA website (<http://www.cisd.org/domain/22>).

I. Financial Management System

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

A. Financial Management Standards 2 CFR §200.302

The standards for financial management systems are found at 2 CFR §200.302. The required standards include:

Identification 2 CFR §200.302(b)(1)

The LEA must identify, in its accounts, all federal awards received and expended and the federal programs under which they were received. Federal program and award identification must include, as applicable, the CFDA title and number, federal award identification number and year, name of the federal agency, and, if applicable, name of the pass-through entity.

Financial Reporting 2 CFR §200.302(b)(2)

Accurate, current, and complete disclosure of the financial results of each federal award or programs must be made in accordance with the financial reporting requirements set forth in the Education Department General Administrative Regulations (EDGAR), specifically 2 CFR §§200.327 Financial Reporting and 200.328 Monitoring and Reporting Program Performance.

Accounting Records 2 CFR §200.302(b)(3)

The LEA must maintain records which adequately identify the source and application of funds provided for federally-assisted activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

Please see page 16 for accounting records procedures and page 105 for records management procedures.

Internal Controls 2 CFR §§200.302(b)(4); 200.303

Effective control and accountability must be maintained for all funds, real and personal property, and other assets. The LEA must adequately safeguard all such property/assets and must assure that they are used solely for authorized purposes.

“Internal controls” are tools to help program and financial managers achieve results and safeguard the integrity of their program.

The LEA must establish and maintain effective internal controls—over the Federal award that provides reasonable assurance that the following objectives are achieved:

- 1) Effectiveness and efficiency of operations;
- 2) Adequate safeguarding of property;
- 3) Assurance property and money is spent in accordance with grant program and to further the Selected objectives; and
- 4) Compliance with applicable laws and regulations, and the terms and conditions of the awards.

The LEA’s internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” (the “Green Book”) issued by the Comptroller General of the United States (<http://gao.gov/products/GAO-14-704G>) or the “Internal Control Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) (<http://coso.org/IC.htm>).

The United States General Accounting Office (GAO) identifies five components of internal controls:

i. Control Environment: A strong control environment allows management and employees to maintain a positive and supportive attitude toward internal controls and conscientious management, such as the codes of conduct for ethical and moral behavioral standards, commitment to competence, appropriate managerial attitudes toward financial, budgetary, and operational and programmatic operations, an organizational structure that clearly defines key areas of authority and responsibility and establishes appropriate lines of reporting, robust human resources policies and practices, and a good relationship with oversight agencies.

ii. Risk Assessment: To establish clear and consistent entity objectives and to determine internal and external risks, such as changes in the operating environment, new personnel, new or enhanced information systems, rapid growth, new technology, and new programs or activities.

iii. Control Activities: To help ensure that management’s directives are carried out and that actions are taken to address risks, such as maintaining physical control over valuable assets, segregating key responsibilities among different people, maintaining appropriate documentation, implementing clear written policies in key areas, and restricting access to systems and records.

iv. Information and Communication. To ensure that personnel receive relevant, reliable, and timely information that enables them to carry out their responsibilities. Procedures should be developed for identifying pertinent information and distributing it in a form and time frame that permits personnel to perform their duties efficiently.

v. Monitoring. To assess the quality of internal control performance over time and ensure that any findings are promptly resolved. Monitoring should occur on an ongoing basis in the course of normal operations and can include actions such as regular oversight by supervisors, reconciliations, and formal program reviews or audits. Monitoring systems should include policies and procedures for correcting any findings in a timely manner.

The Deputy Superintendent's Office is responsible for reviewing, testing and monitoring, and revising as necessary, the internal controls established for the LEA. Review and monitor of internal controls are performed annually.

Budget Control 2 CFR §200.302(b)(5)

Actual expenditures or outlays must be compared with budgeted amounts for each federal award.

Please see page 16 for budget control procedures.

Cash Management 2 CFR §§200.302(b)(6); 200.305

The LEA must maintain written procedures to implement the cash management requirements found in EDGAR.

Please see page 8 for these cash management procedures.

Allowable Costs 2 CFR §§200.302(b)(7); Subpart E - Cost Principles

The LEA must maintain written procedures for determining the allowability of costs in accordance with EDGAR, and the terms and conditions of the Federal award.

Please see page 20 for these allowability procedures.

B. Overview of the Financial Management/Accounting System

The LEA's financial management system (TxEIS) provides for accurate, current, and complete disclosure of the financial results of each grant project. The system adequately identifies the funding source and use of funds and contains information pertaining to grant awards, authorizations, obligations, unobligated balances, assets, outlays (expenditures), income, and interest. The financial accounting system accommodates the minimum 15-digit account code mandated by FASRG, can generate information needed for PEIMS (Public Education Information Management System) reporting, and ensures adequate accountability of State and federal funds.

General Ledger

The LEA's detailed general ledger includes, at a minimum, the following information for recorded transactions;

- Reference number (such as check number, purchase order number, or journal voucher number)
- Transaction Date
- Vendor's Name
- Brief description of the transaction
- General ledger account code
- Amount encumbered or obligated
- Amount paid and/or encumbered

Additionally, for each account code used to account for federal grant expenditures, the detailed ledger will include, respective of each grant program:

- CFDA Title and number related to source of fund
- Federal award identification number and year related to source of fund
- Name of the federal agency related to source of fund
- Name of the pass-through entity (such as TEA), if applicable, related to source of fund
- Budgeted expenditures
- Encumbrances
- Actual expenditures.
- A chart of accounts for funds reserved for program-specific fiscal requirements and set-asides

The LEA's payroll journal includes, at a minimum, the following information:

- Employee's first and last name
- Employee identification number
- Gross salary and other income
- Deductions
- Net earnings
- For employees paid with federal or State grant funds: The percentage paid out of each grant fund and, if applicable, the percentage paid out of other funding sources

For each pay period, the payroll journal will also include the check date, check number, and fund code to which the payroll costs were charged.

C. Budgeting

1) **Budgeting for All Estimated Revenue and Proposed Expenditures According to Texas Education Code Chapter 44 Fiscal Management**

Fiscal Year. According to TEC 44.0011, the fiscal year of the LEA begins on July 1 or September 1 of each year, as determined by the board of trustees of the district.

This LEA's fiscal year begins on September 1 and ends on August 31.

Preparation of Budget. According to TEC 44.002, on or before a date set by the State Board of Education, the superintendent shall prepare, or cause to be prepared, a proposed budget covering all estimated revenue and proposed expenditures of the LEA for the following fiscal year. The budget must be prepared according to generally accepted accounting principles, rules adopted by the State Board of Education, and adopted policies of the board of trustees.

The Assistant Superintendent for Business and Finance (the "CFO") will ensure the budget is prepared in accordance with GAAP (generally accepted accounting principles) and State guidelines. The CFO will develop a budget calendar of critical dates for budget development, submission, and review, including the person or department responsible for each activity listed in the calendar.

According to the TEA 2010 Financial Accountability System Resource Guide (FASRG), Budgeting Module, inclusion of budgets for local, State, and Federal **grant** programs is not required for an LEA's officially adopted annual budget; however, budget information for grant programs may be included as a supplement to the official budget. If the LEA has a policy that requires the approval of grant budgets by the school board, the level of detail at which they are approved is left to the discretion of the local school board. However, the authority to approve a budget or budget amendment for a grant program lies with the granting agency and not with the school board.

The LEA does not require that **grant** program budget information be included as a supplement to the LEA's officially adopted annual budget. The LEA does not require board approval for **grant** budgets or amendments.

Records and Reports. According to TEC 44.003, the superintendent shall ensure that records are kept and that copies of all budgets, all forms, and all other reports are filed on behalf of the LEA at the proper times and in the proper offices as required by this code.

Please see page 105 for records retention procedures.

Notice of Budget and Tax Rate Meeting; Budget Adoption. According to TEC 44.004, when the budget has been prepared under TEC 44.002, the president shall call a meeting of the board of trustees for the purpose of adopting a budget for the succeeding fiscal year. The president shall

provide for the publication of notice of the budget and proposed tax rate meeting according to the standards of TEC 44.004, accessed at:

<http://www.statutes.legis.state.tx.us/Docs/ED/htm/ED.44.htm>

Required notices pertaining to the LEA budget are published in the Corsicana Daily Sun.

The board of trustees, at the meeting called for that purpose, shall adopt a budget to cover all expenditures for the LEA for the next succeeding fiscal year. Any taxpayer of the district may be present and participate in the meeting. The budget must be adopted before the adoption of the tax rate for the tax year in which the fiscal year covered by the budget begins.

The LEA complies with TEC 44.004 for requirements regarding tax rates and certified estimates of taxable value, if applicable.

Publication of Summary of Proposed Budget. According to TEC 44.0041, concurrently with the publication of notice of the budget under TEC 44.004, the LEA posts a summary of the proposed budget on the LEA's Internet website (<http://cisd.org>). The budget summary includes: (1) information relating to per student and aggregate spending on (a) instruction; (b) instructional support; (c) central administration; (d) district operations; (e) debt service; and (f) any other category designated by the commissioner; and (2) a comparison to the previous year's actual spending.

Filing of Adopted Budget. According to TEC 44.005, on or before a date set by the State Board of Education, the budget must be filed with TEA according to the rules established by the State Board of Education.

Posting of Adopted Budget. According to TEC 39.084, on final approval of the budget by the board of trustees, the LEA will post on the LEA's Internet website a copy of the budget adopted by the board of trustees. The LEA's Internet website must prominently display the electronic link to the adopted budget. The LEA will maintain the adopted budget on the LEA's Internet website until the third anniversary of the date the budget was adopted.

Effect of Adopted Budget; Amendments. According to TEC 44.006, public funds of the LEA may not be spent in any manner other than as provided for in the budget adopted by the board of trustees, but the board may amend a budget or adopt a supplementary emergency budget to cover necessary unforeseen expenses. Any amendment or supplementary budget must be prepared and filed according to rules adopted by the State Board of Education.

According to the FASRG Module 2 Budgeting, budget amendments are mandated by the State for budgeted funds reallocated from one function level to another and from one State and/or Federal project to another. These budget changes are usually the result of unexpected levels of expenditures in certain categories and must be amended in the budget for legal compliance. Other budget amendments are determined by the school board.

All budget amendments are required to be adopted by the last day of the fiscal year.

Based upon the level of detail at which the budget is adopted, budget revisions may or may not be required for reallocations within functional levels or programs. All necessary budget amendments must be formally adopted by the school board and recorded in the board minutes.

To provide an adequate audit trail for budget amendments, the amendments will include:

- The original budget amount by fund and function;
- The amount of the amendment by fund and function; and
- The amended budget amount by fund and function.

Major program or budget changes are reviewed by district administrators to ensure the LEA's legal compliance with state expenditure mandates.

The CFO will approve and record budget transfers on a timely basis. A budget transfer/amendment form is available through the Business Office. Budget amendments will not be accepted after July 1 for budgets ending in August and after August 1 for budgets ending in September.

2) Budgeting for Federal and State Grants

The Planning Phase: Meetings and Discussions

Before Receiving the Grant Award Notice (GAN)/Notice of Grant Award (NOGA):

Grant programs are unique and have different program and fiscal requirements. The unique character of grant funds results from both the difference in authority over grant funds and their restriction to specific purposes. Therefore, specific program budgets are prepared for each grant. The grant budget is based on how the grant funds can best aid in the implementation of the program plan. The LEA will take into consideration the legal considerations that may affect how grant funds can be used.

If the grant program has a "Supplement, Not Supplant" requirement, the entire funding picture for the program is examined to ensure that grant funds are not being used to supplant state, local, or other federal funds, as applicable. The Deputy Superintendent is responsible for ensuring the "Supplement, Not Supplant" requirements are not violated.

If program requirements stipulate a category or element that must be tracked, but is not identifiable from TEA's mandatory account code structure, the LEA will designate a local code to track such an expenditure.

Please see page [17] for a description of specific expenditures that require local option codes.

The following sources are used to develop budgets for Federal grants:

- Historical data based on previous grant year actual budget;

- Campus Improvement Plan (CIP);
- Needs Assessments;
- District Improvement Plan (DIP);
- Staffing Needs;
- Grant Requirements;
- Carryover Funds, if applicable.

Reviewing and Approving the Budget:

See page 10 for information on whether grant budgets and amendments require board approval.

By August 1, the Assistant Superintendent for Learner Supports reviews the items in the budget to ensure allowability.

See page 23 for a discussion on performing allowability determinations.

If the Assistant Superintendent for Learner Supports determines that a cost is not allowable, then the requesting program or campus will be notified and the budget amended.

Once the Assistant Superintendent for Learner Supports determines that all budgeted items are allowable, the budget is sent to the Deputy Superintendent for final review and approval. Generally, the budget receives final approval by August 31. After approval, the Deputy Superintendent or designee enters the budget into TxEIS.

Responsibilities for grants submitted via TEA’s eGrants applications:

- Budgeting projections are performed by the Deputy Superintendent
- The Student Services Coordinator compiles data using the LEA’s Federal Grant spreadsheet to ensure budgeted amounts match allocations
- The Deputy Superintendent ensures obligations or expenditures are not incurred prior to submittal of the eGrants application

Submitting the Grant Application for Federal and State awards

The LEA will submit grant applications to TEA by the due date set by TEA. According to TEA Fiscal Guidelines, eGrants applications must be certified and submitted by an individual who has been authorized by the applicant or grantee organization to enter the organization into a legally binding contractual agreement. The “Authorized Official” is the individual who will represent the applicant or grantee in the event any legal disputes arises. For LEAs, this person is usually the superintendent or executive director.

- Data entry into the eGrants application is performed by the Deputy Superintendent.

- The Deputy Superintendent ensures that the LEA meets TEA's deadlines for submittal of grant applications and amendments.
- The Deputy Superintendent certifies and submits the completed eGrants application.

Program Specific: IDEA-B: Prior to submitting the grant application for IDEA-B funds, the LEA performs an initial Excess Cost calculation and performs Maintenance of Effort (MOE) analysis to determine expenditure and budget data required for determination of compliance with the MOE Eligibility Standard. The CFO performs the Excess Cost calculation and the MOE Eligibility Standard. The Business Office maintains the records and documentation of the calculations.

See page 54 for information on performing the final Excess Cost calculation with actual, audited data and information on monitoring and analyzing compliance with MOE.

After Receiving the GAN/NOGA for Federal and State Programs Award

When the NOGA is received, the Deputy Superintendent will compare the approved NOGA with the grant application to identify any budget revisions TEA may have required before issuing the approval.

The Deputy Superintendent ensures obligations or expenditures are not incurred prior to the effective date, based on the period of obligation established in EDGAR and based on the effective date of the NOGA.

Throughout the grant period, the budget is used as a control measure. The budget is monitored by the Deputy Superintendent's Office as expenditures are incurred.

The Deputy Superintendent ensures expenditures with grant funds are for allowable costs as approved in the grant application and are used for the intended beneficiaries and program.

Amending the Budget for Federal and State Programs

Budget amendments are requested before expenditures that exceed acceptable limits are incurred, to ensure that the grant remains in compliance with the granting agency's guidelines. In addition, expenditures requiring a budget amendment generally are not allowable if the obligation is incurred before the approval of the amendment. Expenditure monitoring is performed by the Deputy Superintendent throughout the grant period as a control measure.

The LEA follows the TEA guidelines for submitting federal and state grant amendments. The Deputy Superintendent monitors the deadlines for each grant to ensure amendments are submitted in a timely manner.

LEA personnel will refer to TEA's "When to Amend the Application" chart for guidance on when to amend a grant application, dependent on type of grant, based on scenarios in the chart. The chart can be accessed at: [http://tea.texas.gov/Finance and Grants/Administering a Grant.aspx](http://tea.texas.gov/Finance_and_Grants/Administering_a_Grant.aspx)

Examples taken from the chart:

- For a federally-funded formula grant, an amendment is NOT required to:
 - Increase or decrease the amount of funds currently approved in a class/object code on the Program Budget Summary by 25% or less of the total budgeted amount, as long as a new line item is not being added. (Exception: Coordinated Early Intervening Services (CEIS) in the Special Education Consolidated grant application always requires an amendment.)
 - Increase or decrease the amount of funds budgeted for a line item on any supporting budget schedule (i.e., within a class/object code) as long as the description of the line item does not change and as long as the current amount approved in that class/object code is not changed by more than 25% of the total budgeted amount. (Exception: Coordinated Early Intervening Services (CEIS) in the Special Education Consolidated grant application always requires an amendment.)
 - Increase the salary amount of funds budgeted for a line item (i.e., a position type).
 - Increase or decrease the number of positions previously approved by 20% or less, as long as a new position type is not being added.
- For a federally-funded formula grant, an amendment IS required to:
 - Add a class/object code not previously budgeted.
 - Increase or decrease the amount of funds currently approved in a class/object on the Program Budget Summary by more than 25% of the total budgeted amount.
 - Add a new line item on any of the supporting budget schedules.
 - Increase or decrease the number of positions approved by more than 20%/
 - Add a type of position not initially approved.
 - Add a new item or increase the quantity of capital outlay items approved for articles costing \$5,000 or more.
 - Add a new item of capital outlay for articles costing less than \$5,000.

The LEA's budget amendment form is initiated by Assistant Superintendent for Learner Supports. Justification for a budget amendment must include the requested dollar amount, description of the cost item, and reason for the amendment.

The Deputy Superintendent confirms that the funds are available, the proposed expenditures are allowable use of funds, and the reason for the amendment qualifies under grant requirements and TEA guidelines.

If approved, the data is entered into the applicable grant application by the Deputy Superintendent.

The eGrants application amendment is certified and submitted by the Deputy Superintendent.

Upon receipt of the NOGA, the Business Office records the approved amendment in the accounting records either by memorandum entry or by journal entry. The accounting records should provide a complete record of the approved grant budget and all amendments, as well as transactions that do not require an official amendment submission to TEA.

Budget Control for Federal and State Programs

The LEA monitors its financial performance by comparing and analyzing actual results with budgeted results.

The Coordinator of Student Services will monitor actual expenditures to budget projections on a monthly basis.

The Coordinator of Student Services is responsible for performing cost reconciliation on a quarterly basis for federally funds positions of employees working on multiple cost objectives. Adjustments will be performed annually if the difference between actual and budgeted is less than ten percent. Adjustments will be performed quarterly if the difference between actual and budgeted is ten percent or greater.

The Business Office will monitor cash flows statements and fund balances and will perform bank reconciliations on a monthly basis.

The Deputy Superintendent will monitor expenditures, and obligated and encumbered balances of federal funds, on a monthly basis to ensure purchases benefit the beneficiaries during the grant program and to guard against high carryover amounts.

The following special allotments from the Foundation School Program (FSP) are monitored monthly by the CFO to ensure indirect costs do not exceed the maximum amounts established in Texas Administrative Code (TAC) 105.11: Gifted and Talented, Career and Technology, Special Education, Bilingual Education, and Compensatory Education.

The Superintendent's Cabinet evaluates the budget for its effectiveness in attaining goals and objectives. Evaluation may involve an examination of how funds were expended, what outcomes resulted from the expenditure of funds, and to what degree these outcomes achieved the objectives stated during the planning phase. This evaluation phase is important in determining the following year's budgetary allocations.

D. Accounting Records

1) Accounting System According to Texas Education Code Chapter 44 Fiscal Management

Accounting System. According to TEC 44.007, a standard school fiscal accounting system must be adopted and installed by the board of trustees of each LEA. The accounting system must conform to generally accepted accounting principles. The accounting system must meet at least the

minimum requirements prescribed by the commissioner, subject to review and comment by the state auditor.

Records and Reports. According to TEC 44.007, a record must be kept of all revenues realized and of all expenditures made during the fiscal year for which a budget is adopted. A report of the revenues and expenditures for the preceding fiscal year shall be filed with the agency on or before the date set by the State Board of Education, and according to the requirements of the State Board of Education.

Please see page 105 for records retention procedures.

2) Accounting Code Structure

The proper coding of the budget and classification of expenditures is critical for the accurate oversight of the LEA's budget. The LEA uses the accounting code structure described in the TEA Financial Accountability System Resource Guide (FASRG). The following elements are included in the accounting code structure, in this sequence: (a) A mandatory three-digit Fund Code; (b) A mandatory two-digit Function Code; (c) A mandatory four-digit Object Code; (d) An optional two-digit code to provide special accountability at the local level; (e) A mandatory three-digit Organization Code; (f) A mandatory single-digit Fiscal Year Code; (g) A two-digit Program Intent Code; (h) An optional single-digit code that is used at the local level; (i) An optional two-digit code that is used at the local level to further describe the transaction.

Local Option Codes: IDEA-B: For the Federal IDEA-B grant, local option codes are established to ensure proper monitoring and tracking of IDEA-B funds used for proportionate share for equitable services to parentally-placed private school children with disabilities [Note: proportionate share is not applicable to charter schools or any ISDs that do not have private schools, including home schools, in their jurisdiction], the 25% set-aside for residential placement, if using IDEA-B funds for the set-aside, and for Coordinated Early Intervening Services (CEIS), if applicable.

For State funds, local option codes are established to ensure state compensatory education (SCE) funds and any other funding necessary to sufficiently support the cost of additional accelerated instruction for students who fail to perform satisfactorily on an end-of-course (EOC) assessment instruction according to TEC 28.0217, are separately budgeted and prioritized.

Chart of Accounts: Appendix B provides the LEA's chart of accounts for all funds and expenditures at the level of the number, name, and description of each account. Locally defined options codes are included, as well as a chart of accounts that identifies funds reserved for various grant requirements.

3) Accounting Records

The LEA must maintain records which adequately identify the source and application of funds provided for federally-assisted activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

Accounting Controls

The Deputy Superintendent utilizes a year-end audit preparation checklist to ensure year-end balances are reflected correctly.

The Coordinator of Student Services utilizes a monthly reconciliation checklist that is reviewed by Deputy Superintendent on a monthly basis.

The CFO reviews financial statements for accuracy on a monthly basis.

The CFO evaluates the internal accounting system and its report writing capabilities in order to conform internal reports to the formats required for year-end.

The CFO ensures the annual inventory of capital assets is reconciled with the subsidiary ledger or general ledger.

The CFO ensures the Form SF-SAC Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations is filed by the deadline for each fiscal year.

E. Spending Grant Funds

a) Direct and Indirect Costs

While developing and reviewing the grant budget, the Deputy Superintendent's Office should keep in mind the difference between direct costs 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 §200.56. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs. 2 CFR §200.413(a).

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 work on that award, their related fringe benefit costs, the costs of materials and other items of expense incurred for the Federal award. 2 CFR §200.413(b). The salaries of administrative and clerical staff should normally be treated as indirect costs. 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 the federal awarding agency; and
- The costs are not also recovered as indirect costs. 2 CFR §200.413(c).

Indirect Cost Rate: The LEA has restricted and unrestricted indirect cost rates. On May 15, 2015 our one-time extension from TEA was granted and the LEA’s fiscal year 2015 indirect cost rates have been extended through June 30, 2019.

Rate Type	Rate
Restricted Indirect Cost Rate (federal grant programs with a “supplement not supplant” statutory requirement)	3.002%
Unrestricted Indirect Cost Rate (federal grant programs not subject to the “supplement not supplant” statutory requirement)	24.220%

Applying the Indirect Cost Rate: Once the LEA has an approved indirect cost rate, the percentage is multiplied against the actual direct costs (excluding distorting items such as equipment, contracts in excess of \$25,000, pass-through funds, etc.) incurred under a particular grant to produce the dollar amount of indirect costs allowable to that award. 34 C.F.R § 75.564; 34 CFR §76.569. Once the LEA applies the approved rate, the funds that may be claimed for indirect costs have no federal accountability and may be used as if they were non-federal funds. For Direct Grants, reimbursement of indirect costs is subject to the availability of funds and statutory or administrative restrictions. 34 CFR §75.564.

Where a federal program has a specific cap on the percentage of administrative costs that may be charged to a grant, that cap must include all direct administrative charges as well as any recovered indirect charges.

b) Determining Allowability of Costs: Subpart E – Cost Principles

Expenditures must be aligned with approved budgeted items. Certain changes or variations from the state-approved budget and grant application need prior approval from the state, according to TEA’s guidance on “When to Amend the Application” accessed at: [http://tea.texas.gov/Finance and Grants/Administering a Grant.aspx](http://tea.texas.gov/Finance_and_Grants/Administering_a_Grant.aspx)

Please see page 14 for procedures for amending the budget and grant application.

When determining how the LEA will spend its grant funds, the Business Office, Learner Supports Office, and Deputy Superintendent’s Office will review the cost to determine whether it is an allowable use of federal grant funds:

- *Before* submitting their grant application: Deputy Superintendent
- *Before* obligating and spending those funds on the proposed good or service: Deputy Superintendent
- *After* the cost item is purchased and received, to ensure it is being used for its intended purpose (this includes ensuring that the personnel who will use the cost item are aware of its fund source and intended purpose, as applicable; labeling the equipment with its fund source, if applicable): Assistant Superintendent for Learner Supports

Except where otherwise authorized by statute, all costs supported by federal education funds must meet the standards outlined in EDGAR, 2 CFR Part 3474 and 2 CFR Part 200, as well as program-specific requirements and State and local rules.

Part 200’s cost guidelines must be considered when federal grant funds are expended. Federal rules require state- and local-level requirements and policies regarding expenditures to be followed as well. When differing regulations and rules conflict, the most restrictive rule is followed. For example, state and/or local policies relating to travel or equipment may be narrower than the federal rules and therefore, the stricter State and/or local policies must be followed. Further, certain types of incentives are allowable under federal law, but are not allowable under State law.

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

This manual includes sections on “Basic Considerations”, “General Provisions for Selected Items of Cost”, and “Questions to Consider When Determining Allowability of Cost with Federal Funds.” Fiscal and program staff should refer to these sections to ensure purchases are allowable with federal funds.

(i) Basic Considerations 2 CFR §§200.403-406

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- **Be Necessary and Reasonable for the performance of the federal award.** 2 CFR §200.403(a). LEA staff must consider the following elements when determining the reasonableness of a cost. 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. For example, reasonable means that sound business practices were followed, and purchases were comparable to market prices.

When determining reasonableness of a cost, consideration must be given to:

- Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the LEA or the proper and efficient performance of the federal award. 2 CFR §200.404(a).
- The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; federal, state, local, and other laws and regulations; and terms and conditions of the federal award. 2 CFR §200.404(a).
- Market prices for comparable goods or services for the geographic area. 2 CFR §200.404(c).
- Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the LEA, its employees, its students, the public at large, and the federal government. 2 CFR §200.404(d).
- Whether the LEA significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the federal award's cost. 2 CFR §200.404(e).

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

When determining whether a cost is necessary, consideration may be given to:

- 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.
 - Whether the cost addresses program goals and objectives and is based on program data.
- **Allocable to the federal award.** 2 CFR §200.403(a). A cost is allocable to the federal award if the goods or services involved are chargeable or assignable to that federal award in accordance with the relative benefits received. 2 CFR §200.405(a). This means that the federal grant program derived a benefit in proportion to the funds charged to the program. For example, if 50% of a teacher's salary is paid with grant funds, then that teacher must spend at least 50% of his or her time on that grant program.

The allocable standard is met if the cost:

- Is incurred specifically for the federal award;
- Benefits both the federal award and other work of the LEA and can be distributed in proportions that may be approximated using reasonable methods; and
- Is necessary to the overall operation of the LEA and is assignable in part to the federal award in accordance with the principles in 2 CFR §200.405.

If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, the costs may be allocated or transferred to benefitted projects on any reasonable documented basis. 2 CFR §200.405 (d).

- **Conform to any limitations or exclusions set forth as cost principles in Part 200 or in the terms and conditions of the federal award, as to types or amount of cost items.** 2 CFR §200.403(b).
- **Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the LEA.** 2 CFR §200.403(c). For example, if the state allows two weeks of vacation for employees, then employees paid from federal funds must also be allowed two weeks of vacation.
- **Be accorded 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 allocated to the federal award as an indirect cost. 2 CFR §200.403(d).

- **Be determined in accordance with generally accepted accounting principles (GAAP), unless provided otherwise in Part 200.** 2 CFR §200.403(e).
- **Not be included as a match or cost-share, unless the specific federal program authorizes federal costs to be treated as such.** 2 CFR §200.403(f). Some federal program statutes require the non-federal entity to contribute a certain amount of non-federal resources to be eligible for the federal program.
- **Be adequately documented.** 2 CFR §200.403(g). All expenditures must be properly documented.
- **Be the net of all applicable credits.** The term “applicable credits” refers to those receipts or reduction-of-expenditure-type transactions 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; insurance refunds or rebates, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the LEA relate to allowable costs for 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.

Please see page 43, travel section, “Discounts and travel expenses at no cost” for policy and procedures on travel-related benefits such as airfare miles and hotel points.

Please see page 82 for procedures on rebates, discounts received on purchase cards.

(ii) General Provisions for Selected Items of Cost 2 CFR §§200.420-200.475

This section provides principles to be applied in establishing the allowability of certain items involved in determining cost, in addition to the Basic Considerations listed above. These principles apply whether or not a particular item of cost is properly treated as direct cost or indirect cost. Failure to mention a particular item of cost is not intended to imply that it is either allowable or unallowable; rather, determination as to allowability in each case of a cost item not listed should be based on the treatment provided for similar or related items of cost, and based on the cost principles described in EDGAR. In the case of a discrepancy between the provisions of a specific federal grant program and the provisions listed below, the specific federal grant program’s provisions govern.

Fifty-five (55) specific cost items from 2 CFR §§200.420-200.475 are listed in the chart below, along with the citation where it is discussed whether the item is allowable. Please do not assume that an item is allowable because it is listed in the chart, as it may be unallowable despite its inclusion in the selected items of cost section. 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 a specific grant program deem the item unallowable; or State/local restrictions dictate that the item is unallowable. The item may also be unallowable because it does not meet one of the cost principles, such as being reasonable because it is considered too expensive. If an item is unallowable for any of these reasons, federal funds cannot be used to purchase it.

The selected item of cost addressed in Part 200 includes the following (in alphabetical order):

Item of Cost	Citation of Allowability Rule
Advertising and public relations	2 CFR §200.421
Advisory councils	2 CFR §200.422
Alcoholic beverages	2 CFR §200.423
Alumni/ae activities	2 CFR §200.424
Audit services	2 CFR §200.425
Bad debts	2 CFR §200.426
Bonding costs	2 CFR §200.427
Collections of improper payments	2 CFR §200.428
Commencement and convocation costs	2 CFR §200.429
Compensation – personal services	2 CFR §200.430
Compensation – fringe benefits	2 CFR §200.431
Conferences	2 CFR §200.432
Contingency provisions	2 CFR §200.433
Contributions and donations	2 CFR §200.434
Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements	2 CFR §200.435
Depreciation	2 CFR §200.436
Employee health and welfare costs	2 CFR §200.437
Entertainment costs	2 CFR §200.438
Equipment and other capital expenditures	2 CFR §200.439
Exchange rates	2 CFR §200.440
Fines, penalties, damages and other settlements	2 CFR §200.441
Fund raising and investment management costs	2 CFR §200.442
Gains and losses on disposition of depreciable assets	2 CFR §200.443
General costs of government	2 CFR §200.444
Goods and services for personal use	2 CFR §200.445
Idle facilities and idle capacity	2 CFR §200.446

Insurance and indemnification	2 CFR §200.447
Intellectual property	2 CFR §200.448
Interest	2 CFR §200.449
Lobbying	2 CFR §200.450
Losses on other awards or contracts	2 CFR §200.451
Maintenance and repair costs	2 CFR §200.452
Materials and supplies costs, including costs of computing devices	2 CFR §200.453
Memberships, subscriptions, and professional activity costs	2 CFR §200.454
Organization costs	2 CFR §200.455
Participant support costs	2 CFR §200.456
Plant and security costs	2 CFR §200.457
Pre-award costs	2 CFR §200.458
Professional service costs	2 CFR §200.459
Proposal costs	2 CFR §200.460
Publication and printing costs	2 CFR §200.461
Rearrangement and reconversion costs	2 CFR §200.462
Recruiting costs	2 CFR §200.463
Relocation costs of employees	2 CFR §200.464
Rental costs of real property and equipment	2 CFR §200.465
Scholarships and student aid costs	2 CFR §200.466
Selling and marketing costs	2 CFR §200.467
Specialized service facilities	2 CFR §200.468
Student activity costs	2 CFR §200.469
Taxes (including Value Added Tax)	2 CFR §200.470
Termination costs	2 CFR §200.471
Training and education costs	2 CFR §200.472
Transportation costs	2 CFR §200.473
Travel costs	2 CFR §200.474
Trustees	2 CFR §200.475

State rules on procurement and travel are more restrictive than federal rules. Please refer to the procurement and travel sections of this manual.

In addition to reviewing the “Basic Considerations” and “General Provisions for Selected Items of Cost” sections above, fiscal and program staff should reference “Questions to Consider When Determining Allowability of Cost with Federal Funds” on page 20, when making allowability determinations.

c) Travel Costs:

1) Federal Allowability Rules for Travel Costs:

General. Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the LEA. Federal rules allow such costs to be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the LEA's non-federally-funded activities and in accordance with the LEA's written travel reimbursement policies. 2 CFR §200.474(a). However, a per diem basis in lieu of actual costs is not allowable according to the more restrictive State rules.

Lodging and subsistence. Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the LEA in its regular operations as the result of its written travel policy. In addition, if these costs are charged directly to the federal award, documentation must be maintained that justifies that (1) participation of the individual is necessary to the federal award; and (2) the costs are reasonable and consistent with the LEA's established travel policy. 2 CFR §200.474(b).

Dependent Care Costs. Temporary dependent care costs (as dependent is defined in 26 U.S.C 152) above and beyond regular dependent care that directly results from travel to conferences is allowable provided that: (1) the costs are a direct result of the individual's travel for the federal award; (2) the costs are consistent with the LEA's documented travel policy for all LEA travel; and (3) are only temporary during the travel period. Travel costs for dependents are unallowable, except for travel of duration of six months or more with prior approval of the federal awarding agency. 2 CFR §200.474(c).

As needed, the costs of identifying, but not providing, locally available dependent-care resources are allowable conference-related costs. 2 CFR §200.432.

Commercial air travel. Airfare costs in excess of the basic least expensive unrestricted accommodations class offered by commercial airlines are unallowable except when such accommodations would: (1) require circuitous routing; (2) require travel during unreasonable hours; (3) excessively prolong travel; (4) result in additional costs that would offset the transportation savings; or (5) offer accommodations not reasonably adequate for the traveler's medical needs. The LEA must justify and document these conditions on a case-by-case basis in order for the use of first-class or business-class airfare to be allowable in such cases. 2 CFR §200.474(e).

The LEA's policy regarding travel expenses may be found online at:
<http://pol.tasb.org/Policy/Code/931?filter=DEE>.

2) Texas Travel Reimbursement Guidelines:

Mileage, lodging, and meal reimbursement rates published by the Texas Comptroller of Public Accounts apply to all grants funded by TEA for individuals on travel status.

Designated Headquarters definition:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/gen/def/index.php>

The area within the boundaries of the city in which the employee's place of employment is located. If an employee's place of employment is located within an unincorporated area, then the area within a five-mile radius of the place of employment is the employee's designated headquarters. If an incorporated area is completely surrounded by the incorporated municipality in which an employee's place of employment is located, then the employee's designated headquarters includes the surrounded municipality or area.

Duty Point definition:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/gen/def/index.php>

The destination, other than a place of employment, to which the LEA employee travels to conduct official LEA business. If the destination is outside the employee's designated headquarters, then the duty point is either the incorporated municipality in which the destination is located or the unincorporated area within a five-mile radius of the destination.

Gratuity definition:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/gen/def/index.php>

Something given voluntarily or beyond obligation, usually in response to or in anticipation of a service.

Incidental Expense definition:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/gen/def/index.php>

An expense incurred while traveling on official LEA business. The term includes a mandatory insurance or service charge and an applicable tax, except a tax based on the cost of a meal. The term does not include a meal, lodging or transportation expense, a personal expense, an expense that an individual would incur regardless of whether the individual were traveling on official LEA business, a tip or a gratuity.

Transportation:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/trans/index.php>

An LEA employee is entitled to be reimbursed for transportation charges incurred while conducting LEA business. The employee should select the most cost effective method of transportation available. Details are described in this travel section.

Mileage in personal vehicle:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/trans/personal.php>

LEA employees are entitled to be reimbursed for mileage incurred to conduct LEA business. The reimbursement may not exceed the product of the actual number of miles traveled for business and the maximum mileage reimbursement rate established by the Texas Comptroller of Public Accounts, or the rate established by the LEA, if lower than the state rate.

Mileage reimbursement rates are subject to change, and must not exceed rates published by the Texas Comptroller of Public Accounts. The LEA is not required to reimburse employees at the maximum state rate. If the LEA chooses to reimburse at a lower rate, the LEA will notify affected individuals in writing before implementing the lower rate. As of June 16, 2015, the LEA reimburses mileage at \$0.45 per mile.

The number of reimbursable miles may not exceed the number of miles of the most cost-effective reasonably safe route between two duty points. Travelers are required to select the shortest and most economical route but may justify selection of another route if it was chosen for safety reasons and specific justification of the selection is given. In determining the most cost-effective reasonably safe route, the LEA may consider the route that provides the shortest distance, the quickest drive time or the safest road conditions. Specific justification of the selection should be submitted by the employee if the shortest route is not chosen.

Travelers are required to calculate mileage by one of the following two methods:

- Employee's vehicle odometer reading (supporting documentation must include a point-to-point mileage itemization); or
- Electronic mapping source [For example, www.Mapquest.com or any other online mapping service]. If this method is chosen, the name of the mapping service used must be documented and the traveler must print out the driving directions provided by the site and attach them to the travel voucher.

To assist employees in documenting their travel, the LEA has developed a mileage chart listing the distance between various duty points within the district. Travelers using the LEA's chart are

not required to calculate their mileage by either the odometer reading or electronic mapping source method; reference to the LEA's mileage chart is sufficient.

The LEA will not reimburse an employee for mileage between a residence and an airport. Mileage should be calculated from a district facility. If applicable, the mileage reimbursement is limited to the cost of one two-way trip to and from the airport in the employee's personal vehicle plus parking at the airport.

LEA employees will not be reimbursed for mileage incurred in traveling between the employee's residence and place of employment in a personally owned or leased motor vehicle unless the travel: (1) is necessitated by extraordinary circumstances, and (2) occurs outside of the hours the employee is working. The same restrictions and requirements that apply to the use of a personally owned vehicle apply to an employee's use of mass transit, taxi or limousine when traveling between an employee's residence and place of employment.

Reimbursement expenses for travel by persons with disabilities will conform to Texas Government Code, Section 660.143(a).

<http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.660.htm#660.143>

Four-per-car rule:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/trans/fourper.php>

When employees travel on the same dates with the same itinerary, they must coordinate travel. When four or fewer employees travel on the same itinerary, only one may be reimbursed for mileage. When more than four employees travel on the same itinerary, only one out of every four may be reimbursed for mileage.

Rental vehicles:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/trans/rental.php>

LEA employees are entitled to reimbursement for the cost of renting a vehicle to conduct state business. The reimbursement includes all applicable taxes and mandatory charges. It also may include a charge for a collision damage waiver or a loss damage waiver if not already included in the contracted rate for the rental. A charge for an additional driver may only be reimbursed if incurred for a business reason. A charge for a liability insurance supplement, personal accident insurance, safe trip insurance or personal effects insurance is not reimbursable.

When at least two employees share a rental vehicle, each employee is entitled to be reimbursed for his or her share of the rental cost.

For an employee to be reimbursed for a rental expense, the employee must provide proof that the expense was incurred. A complete receipt issued by the rental company serves this purpose. The receipt must include the following: (1) The name of the rental company, and (2) The name of the employee renting the vehicle, and (3) The starting and ending dates of the rental, and (4) An itemization of expenses incurred, and (5) Proof of payment. If a receipt does not include all of the five items listed above, the rental contract may also be included to provide that information.

A receipt that has been altered by any person other than the entity issuing the receipt is unacceptable. A receipt to which additional information has been added is considered unaltered if the information does not conflict with the original information on the receipt.

Commercial air transportation:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/trans/commair/index.php>

The LEA employee is entitled to be reimbursed for the actual cost of commercial air transportation incurred to conduct LEA business. The reimbursement may not exceed the cost of the lowest available airfare between the employee's designated headquarters and the employee's duty point.

To be reimbursed, the employee must provide proof that the expense was incurred. A complete passenger receipt issued by a commercial airline company or an itinerary issued by the company or a travel agency serves this purpose. The receipt or itinerary must include the following: (1) The name of the employee and airline, and (2) The ticket number, and (3) The class of transportation, and (4) The travel dates, and (5) The amount of the airfare, and (6) The origin and destination of each flight, and (7) Proof of payment.

A passenger receipt or itinerary that has been altered by any person other than the entity issuing the receipt of the itinerary is unacceptable. A receipt or itinerary to which additional information has been added is considered unaltered if the information does not conflict with the original information on the receipt.

The LEA allows employees to book the flight themselves and seek reimbursement or the flight may be booked by the LEA and direct-billed.

Baggage Fees:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/trans/commair/excessbags.php>

Baggage charges that are related to LEA business are reimbursable. It is assumed that the first checked bag is necessary to complete business travel. Charges for excessive baggage may be reimbursed as long as it is related to LEA business (e.g. LEA-owned equipment). The LEA will ensure the reasonable of the reimbursement and number of bags necessary.

Private aircraft:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/trans/privair.php>

An LEA employee is not entitled to be reimbursed for the employee's use of an aircraft owned or leased by the employee.

Mass transit, taxi or limousine:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/trans/mass.php>

The LEA employee is entitled to be reimbursed for the actual cost of transportation by bus, subway, other mode of mass transit or taxi if incurred to conduct LEA business. The cost is only reimbursable if provided by a commercial transportation company.

An LEA employee is entitled to be reimbursed for the actual cost of transportation by limousine only if it was the least costly transportation available considering all relevant circumstances.

If a taxi or limousine is shared by two or more LEA employees, then only the employee who paid for the transportation may be reimbursed for that expense. The other employees may be reimbursed only for charges imposed on an individual-by-individual basis.

State law does not require a receipt for a reimbursement of travel by bus, subway, other mode of mass transit, taxi or limousine. The supporting documentation must itemize the date and the fare charged for each trip.

Direct payment of transportation expenses:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/trans/direct.php>

The LEA may directly pay a commercial transportation company, a credit card issuer, or a travel agency for the expense of transporting the LEA's employees. The LEA may directly pay a commercial transportation company, a credit card issuer, or a travel agency *in advance* of the employee's travel if the company offers lower rates for the transportation. However, an appropriation for the current fiscal year may not be used to pay for transportation that will occur during the next fiscal year.

The amount of the LEA's direct payment of a transportation expense may not exceed the amount that would have been reimbursed to the employee for that expense.

Parking:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/trans/parking.php>

The LEA employee is entitled to be reimbursed for a parking expense incurred while traveling on LEA business in a personally owned or leased vehicle, rental vehicle, or LEA-owned or leased vehicle. The LEA will not reimburse the employee for parking paid if none of the mileage or rental cost is reimbursable.

Tolls:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/trans/tolls.php>

An LEA employee is entitled to be reimbursed for tolls paid when the employee travels in a personally owned or leased vehicle, rental vehicle, or LEA-owned or leased vehicle. The LEA will not be reimbursed for tolls paid if none of the mileage or rental cost is reimbursable.

A receipt of payment is required for toll reimbursement.

Non-Overnight Travel:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/nonover/index.php>

Refer to the Non-Overnight Meals section on page 36.

Overnight Travel:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/over/index.php>

An LEA employee is entitled to be reimbursed for lodging, meal and incidental expense incurred while conducting LEA business at a duty point outside of his or her designated headquarters, according to the specifics outlined in this travel section.

In-State Travel: The rates prescribed in the Meals and Lodging section of this manual are used for reimbursement of in-state meal and lodging expenditures.

Out-of-State Travel: <https://fmx.cpa.state.tx.us/fmx/travel/texttravel/over/out.php>

An LEA may only pay for business-related travel expenses incurred outside of Texas if the travel was approved in advance in accordance with local policy. If approved in advance, an employee who travels within or outside the continental United States shall be reimbursed for the actual cost of lodging and meals. **However, the reimbursement out of grant funds may not exceed the maximum meals and lodging rates based on federal travel regulations that are issued by the Texas Comptroller of Public Accounts (refer to the Meals and Lodging section of this manual).** If local policy reimburses at a *lesser* amount, you must comply with local policy. If local policy reimburses at a *greater* amount, you must pay the difference from local or state funds (not from grant funds).

Out-of-State Travel with federal grants funds is not allowable without prior approval from TEA. Refer to TEA guidelines for the approval process.

Travel to U.S. possessions, Alaska, Hawaii, Canada or Mexico: An LEA employee is entitled to be reimbursed for actual lodging and meal expenses incurred while conducting LEA business at a duty point in a U.S. possession, Alaska, Hawaii, Canada or Mexico.

Foreign travel:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/over/foreign/index.php>

The LEA allows foreign travel for its employees. If local policy allows foreign travel, the employee is entitled to be reimbursed for actual lodging and meal expenses incurred while conducting LEA business at a duty point in a foreign country other than Canada or Mexico. Prior approval by the LEA's chief administrator or designee is required. Prior approval by the LEA's chief administrator is not required for travel to Canada or Mexico.

Meals and Lodging:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/meallodg/index.php>

<https://fmx.cpa.state.tx.us/fm/travel/travelrates.php>

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/meallodg/lodging/reimburse.php>

Meal and lodging rates differ depending on whether the travel is in-state or out-of-state. State travel expense reimbursement is not a per diem. An employee must claim the actual expenses incurred for meals and lodging not to exceed the maximum allowable rates. The maximum should not be claimed unless the actual expenditures equal or exceed the maximum allowable rate.

The following maximum meal and lodging reimbursement rates apply to in-state and out-of-state travel.

- If local policy restricts travel, per diem, and other travel expenses to a rate less than State law, the applicant must budget and request reimbursement from the grant *at the lesser rate*. As of June 16, 2015, the LEA reimburses mileage at \$0.45 per mile.
- If local policy exceeds the maximum recovery rate specified in State law, then the difference must be paid from state or local funds, i.e., not from grant funds.
- ***Travel allowances***, in which the traveler receives a flat per diem for lodging and/or meals, regardless of the amount actually expended, are not allowable per State law. (State law is more restrictive than federal law.)

The LEA must use the federal rates provided by the General Services Administration (GSA) for both in-state and out-of-state travel within the contiguous United States. Refer to the GSA's Domestic Maximum Per Diem Rates accessed at:

<http://www.gsa.gov/portal/content/104877>

If the city is not listed, but the county is listed, use the rate of the county.

For areas not listed (city or county), use the rates listed on the Travel Reimbursement Rates document accessed at: <https://fm.x.cpa.state.tx.us/fm/travel/travelrates.php>

Federal travel regulations are typically updated on October 1 of each year; however, changes may be made any time during the year. It is possible for two sets of rates to apply to a single trip. If employees are traveling when the rates change, they must use the rates in effect on each specific day of travel.

Because the reimbursement rates can change, it is recommended that travelers print the page at the time reservations are made and submit the printout with the travel reimbursement voucher as a supporting document.

Meals:

<https://fm.x.cpa.state.tx.us/fm.x/travel/texttravel/meallodg/meals/index.php>

<https://fm.x.cpa.state.tx.us/fm.x/travel/texttravel/meallodg/meals/reimburse.php>

An LEA employee may be reimbursed for a meal expense incurred on a day that the employee conducts LEA business outside of his or her designated headquarters. The meal expense is only reimbursable if the employee is outside of his or her designated headquarters for at least six consecutive hours.

Meal expenses incurred while traveling to a duty point the day before LEA business begins and traveling from a duty point the day after LEA business ends are reimbursable. Meal expenses incurred more than one day before or after the LEA business begins or ends are not reimbursable unless the expenses are incurred to qualify for discount airfare or travel to or from the duty point reasonably requires more than one day.

An LEA employee may only be reimbursed for his or her actual meal expense not to exceed the maximum meal reimbursement rate for that location. The State travel expense reimbursement is not a per diem. The maximum should not be claimed unless the actual expenditures equal or exceed the maximum allowable rate. (State law is more restrictive than federal law.)

Meal receipts:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/meallodg/meals/receipts.php>

Meal receipts are not required by law. However, the LEA may establish an internal policy that employees must submit receipts for meals as a condition for reimbursement. If the LEA does not require meal receipts, the employee must certify that the reimbursement amount being requested is the actual meal expense not to exceed the maximum meal reimbursement rate for that location, and does not include alcoholic beverages or tips.

The LEA does require meal receipts as a condition for reimbursement.

Direct payment of meal expenses:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/meallodg/meals/direct.php>

If the LEA directly pays a commercial lodging establishment, a credit card issuer, or a travel agency for lodging expenses incurred by the LEA's employee, the LEA may also directly pay meal expenses incurred by the employee at that lodging establishment.

Prohibited meal expenses:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/meallodg/meals/prohibited.php>

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/docreq/meals/within.php>

LEA employees may not be reimbursed for a meal expense incurred within the employee's designated headquarters unless it is mandatory and connected with training, a seminar or a conference. Justification documentation is required. Supporting documentation must include a determination by the sponsor of the training, seminar or conference that the meal was mandatory and connected with the training, seminar or conference.

LEA employees may not be reimbursed for a meal expense incurred while not conducting LEA business unless an exception applies. See page 44 for exceptions. LEA business does not include the breakdown of a personally owned vehicle or any occurrence not connected with an LEA employee's official duties.

Tips or gratuities paid in conjunction with meal expenses are generally not reimbursable. (State rules are more restrictive than federal rules.) A "mandatory" service charge may only be reimbursed if the service charge is imposed by an establishment and cannot be refused by the customer.

LEA employees may not be reimbursed for the purchase of an alcoholic beverage.

Non-Overnight Meals:

<https://fm.x.cpa.state.tx.us/fmx/travel/texttravel/nonover/index.php>

<https://fm.x.cpa.state.tx.us/fmx/travel/texttravel/docreq/meals/nonover.php>

An LEA employee may be reimbursed for non-overnight meal expenses, if allowed by local policy. ***If an employee on non-overnight travel receives reimbursement for meals, this amount would be considered income and must be reported on the employee's W-2 tax form.***

An LEA is not required to reimburse for non-overnight meals but may choose to do so by authorization of the LEA's chief administrator. The authorization may be provided on either a case-by-case or a blanket basis. If the chief administrator has authorized meal expense reimbursements on a blanket basis, it must be documented in the LEA's internal policy. The LEA must provide the original or copy of that authorization to the Comptroller's office, upon request. If the chief administrator has authorized meal expense reimbursements on a case-by-case (reimbursement-by-reimbursement basis), only the supporting documentation for each reimbursement must include that authorization. The LEA authorizes non-overnight meals on a case-by-case basis.

If local policy allows reimbursement for meals for a non-overnight stay, the expense must be incurred on a day that the employee conducts state business outside of his or her designated headquarters. Travel must begin at one duty point and end at another. The meal expense is only reimbursable if the employee is outside of his or her designated headquarters for at least six consecutive hours. The cost of meals for travel lasting less than six consecutive hours is not allowable to be charged to the grant.

Regardless of the time of day of the travel, mileage to and from the employee's home or location other than a duty point is not allowable to be charged to the grant.

In the absence of local policy allowing meal reimbursement for a non-overnight stay, no reimbursement shall be made from the grant for this purpose.

If local policy allows reimbursement for meals for a non-overnight stay, the employee may be reimbursed for the actual cost of the meal, not to exceed \$36, according to the Comptroller's Travel Reimbursement Rates accessed at:

<https://fm.x.cpa.state.tx.us/fm/travel/travelrates.php>

Reducing meal reimbursement rate to increase lodging rate:

<https://fm.x.cpa.state.tx.us/fmx/travel/texttravel/meallodg/lodging/redmeal.php>

For both in-state and out-of-state travel, the traveler may claim less than the maximum meal reimbursement rate for a duty point and use the amount of the reduction to increase the maximum lodging reimbursement rate for the duty point (i.e., up to the rate prescribed in the Meals and Lodging section of this manual). For instance, if the traveler chooses to stay in a hotel that costs \$10 more a night than the allowable maximum for lodging, the traveler can apply \$10 of the maximum available for meal reimbursement toward the lodging rate. If the traveler chooses to apply meal reimbursement to lodging, the maximum meal reimbursement rate is reduced by the same amount (applying \$10 of the meal reimbursement to lodging would reduce the meal reimbursement by \$10).

NOTE: The opposite case does not apply; that is, a traveler may *not* reduce the amount spent on lodging and increase the amount spent on meals. Under no circumstances may a traveler be reimbursed from grant funds for meals at a rate that exceeds the rates prescribed in the Meals and Lodging section of this manual.

Lodging:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/meallodg/lodging/index.php>

An LEA employee is entitled to be reimbursed for lodging expenses incurred on a day that the employee conducts LEA business outside of his or her designated headquarters. The lodging expense may only be reimbursed if it is incurred at a commercial lodging established. The employee may only be reimbursed for his or her actual lodging expense not to exceed the maximum lodging reimbursement rate (prescribed in the Meals and Lodging section of this manual).

An LEA employee may not be reimbursed for a lodging expense incurred while not conducting LEA business unless an exception applies. See page 44 for exceptions.

Lodging expenses incurred the night before LEA business begins and the night after LEA business ends are reimbursable. Lodging expensed incurred more than one night before or after the LEA business begins or ends are not reimbursable unless the expenses are incurred to qualify for discount airfare or if travel to or from the duty point reasonably requires more than one day.

Lodging Reimbursements:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/meallodg/lodging/reimburse.php>

An LEA employee may only be reimbursed for his or her actual lodging expense, not to exceed the maximum lodging reimbursement rate for that location. LEAs must use the federal rates provided by the General Services Administration (GSA) for both in-state and out-of-state travel within the contiguous United States.

Please refer to the rates prescribed in the Meals and Lodging section of this manual.

Under certain circumstances, the maximum lodging rate may be increased. See “Reducing meal reimbursement rate to increase lodging rate” on page 36 and “Requesting a higher maximum lodging reimbursement rate” on page 36.

Contract hotels

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/meallodg/lodging/contract.php>

The LEA must use contract travel services whenever those services provide the most efficient travel resulting in the total lowest cost.

Hotel Occupancy Taxes:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/meallodg/hotelocc/index.php>

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/meallodg/hotelocc/educational.php>

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/meallodg/hotelocc/outside.php>

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/meallodg/hotelocc/maximum.php>

LEAs are usually exempt from Texas state sales tax on lodging but are not exempt from any city taxes or other taxes imposed for lodging. An employee of an agency that qualifies as an educational organization is exempt from paying the state hotel occupancy tax. The employee is not exempt from paying the county or municipal hotel occupancy tax.

Employees may be reimbursed for applicable taxes, but may not be reimbursed for Texas state sales tax if the traveler fails to present the Texas Hotel Occupancy Tax Exemption Certificate to the hotel. It is the responsibility of the employee to present the exemption form to the hotel to claim exemption from the state tax for LEA-related business travel. An employee must be reimbursed for a hotel occupancy or similar tax from which the employee is legally exempt, but only if the employee properly claims the exemption and the commercial lodging establishment refused to honor it.

Copies of the Texas Hotel Occupancy Tax Exemption Certificate may be obtained from the Business Office or via the LEA website at <http://www.cisd.org/Page/35>.

An LEA employee traveling outside Texas is entitled to be reimbursed for his or her required payment of hotel occupancy or similar taxes. However, an LEA employee traveling outside Texas may not be reimbursed for a hotel occupancy or similar tax that applicable law allows to be rebated or refunded to the employee if the LEA requires the employee to claim the rebate or refund.

For both in-state and out-of-state travel, the hotel taxes are considered an incidental expense and not as a lodging expense for the purpose of the maximum reimbursement rate for lodging expenses.

When an LEA employee is entitled to be reimbursed for payment of a hotel occupancy or similar tax and the lodging amount incurred exceeds the maximum allowable lodging rate, the following calculation methods for the tax reimbursement must be used:

If the tax is calculated as a percentage of the lodging rate, then the amount of the reimbursement is equal to the percentage multiplied by the maximum that may be reimbursed to the employee for lodging expenses. For a detailed explanation of this rule, refer to the examples located at:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/meallodg/hotelocc/maximum.php>

Cancellation Charges:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/meallodg/lodging/cancel.php>

The LEA may reimburse an employee for a cancellation charge if the charge is incurred: (1) for a reason related to LEA business, or (2) for a reason related to LEA business that could not be conducted because of a natural disaster, or (3) because an employee was unable to use transportation that was paid in advance to obtain a cost savings because that employee was ill or had a personal emergency.

Direct payment of lodging expenses:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/meallodg/lodging/direct.php>

The LEA may directly pay a commercial lodging establishment, a credit card issuer or a travel agency for lodging expenses incurred by the LEA's employees. The amount of the LEA's direct payment of a lodging expense may not exceed the amount that would have been reimbursed to an LEA employee for that expense. Applicable hotel occupancy taxes may be included in the direct payment.

Lease of an apartment or house:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/meallodg/lodging/lease.php>

According to State law, an apartment or house rental expense may be reimbursed if: (1) The purpose of the rental is the conservation of LEA funds, and (2) The LEA reasonably anticipates that the employee will be using the apartment or house while conducting LEA business throughout the term of the lease. Application fees and other mandatory costs associated with applying for rental of the apartment or house are reimbursable.

The LEA allows leasing of an apartment or house.

Lodging receipt requirements:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/meallodg/lodging/receipt.php>

For an LEA employee to be reimbursed for a lodging expense, the employee must provide proof that the lodging expense was incurred. This normally takes the form of a lodging receipt.

A lodging receipt issued by a commercial lodging establishment, a travel agency or a broker is acceptable and must include the following: (1) The name and address of the commercial lodging establishment, and (2) The name of the employee, and (3) The single room rate, and (4) A daily itemization of the lodging charges, and (5) Proof of payment.

A receipt that has been altered by any person other than the entity issuing the receipt is unacceptable. A receipt to which additional information has been added is considered unaltered if the information does not conflict with the original information on the receipt. The paper version of a receipt delivered through the Internet or electronic mail by a commercial lodging establishment, travel agency or broker is considered original.

If a lodging receipt is unavailable, the supporting documentation must include the cancelled check or credit card slip used to pay the lodging expense, the credit card billing on which the lodging charges appear or a copy of the receipt, check, slip or billing.

Requesting a higher maximum lodging reimbursement rate:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/meallodg/lodging/reqhigher.php>

The head of the LEA or designee may determine that local conditions necessitate an increase in the lodging rate for a particular location for both in-state and out-of-state travel. This determination must be documented internally by the LEA and made available upon request during post-payment audit.

A sample request form may be accessed at:

https://fmx.cpa.state.tx.us/fmx/travel/texttravel/meallodg/lodging/Sample_Max_Lodging_Form.pdf

A sample calculation table may be accessed at:

https://fmx.cpa.state.tx.us/fmx/travel/texttravel/meallodg/lodging/Sample_Calculation_Table.pdf

Sharing Lodging:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/meallodg/lodging/sharing.php>

LEA employees are not required to share lodging, but if they voluntarily choose to share lodging, the following rules apply:

When at least two LEA employees share lodging, the LEA reimburses each employee for his or her share of the lodging expense. For each traveler, the reimbursement may not exceed the maximum lodging reimbursement rate. When only one of the individuals sharing lodging is an LEA employee, the employee may only be reimbursed the room rate for a single occupancy or the applicable maximum lodging reimbursement rate, whichever amount is less.

Each employee must submit a travel voucher to receive reimbursement.

Example of two LEA employees sharing lodging: Carol and Jennifer are employed by the same LEA and are planning an out-of-state business trip. The maximum lodging rate for the area where they will be staying is \$90. The women would prefer to stay at a specific hotel that is most convenient to the location of their business meeting. The only problem is that the room rate for this hotel is \$140. Carol and Jennifer decide to share a room so they can stay in the hotel of their choice. The women are charged the \$140 per night, but since each woman would be allowed up to \$90 per night if booked separately, the lodging cost is reimbursable. Carol and Jennifer may each claim their share of the lodging expense, which is \$70 per night.

Lodging Reimbursements:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/meallodg/lodging/reimburse.php>

An LEA employee may only be reimbursed for his or her actual lodging expense, not to exceed the maximum lodging reimbursement rate for that location. LEAs must use the federal rates provided by the General Services Administration (GSA) for both in-state and out-of-state travel within the contiguous United States.

Please refer to the rates prescribed in the Meals and Lodging section of this manual.

Under certain circumstances, the maximum lodging rate may be increased. See “Reducing meal reimbursement rate to increase lodging rate” on page 36 and “Requesting a higher maximum lodging reimbursement rate” on page 36.

Inability to obtain reasonable lodging within the duty point:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/meallodg/lodging/inability.php>

An LEA employee may be reimbursed for lodging and meals obtained outside of Texas if he or she was unable to obtain reasonable lodging within the duty point. The lodging expense

reimbursement may not exceed the maximum lodging reimbursement rate for the location where the lodging is obtained.

In this situation, the meal expense reimbursement may not exceed the greater of: (1) the maximum meal reimbursement rate for the LEA employee's duty point; or (2) the maximum meal reimbursement rate for the location where the lodging is obtained.

Packaged travel arrangements:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/misc/packaged.php>

If an LEA or LEA employee purchases a package of at least two travel arrangements (i.e., meals, lodging, transportation, incidental expenses, registration fees), each type is reimbursable only to the extent it would have been reimbursable had it not been included in the package. The travel voucher form must separately state the cost of each type of travel arrangement.

Example: Joe, an LEA employee planning a business trip out-of-town, finds a great deal for a packaged trip online. The package deal includes airfare for \$200, rental car for \$30 per day and lodging for \$90 per day. If Joe were to book the airfare separately, it would have cost \$400. Reimbursement of each cost is limited to what would have been reimbursable if it had not been included in the package. For example, the applicable lodging rate for the area is only \$85, so the additional \$5 spent on lodging is not reimbursable. When Joe submits his travel voucher for reimbursement, he will need to include documentation that states separately each type of travel cost combined in the package.

Lost or stolen tickets or similar items:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/misc/lost.php>

An LEA employee may be reimbursed for a ticket or similar item that has been lost or stolen only if the LEA determines that the loss or theft occurred despite the employee's exercise of reasonable care to safeguard the item.

If an LEA employee is reimbursed for a ticket or similar item, and the item is subsequently lost or stolen because of their failure to exercise reasonable care to safeguard it, the employee is liable to the LEA for its value.

Training seminars conducted by an LEA for its employees:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/misc/training.php>

To reduce travel expenditures, an LEA must use interactive television, video conference technology and telephone conferences to the greatest extent possible. An LEA employee may not

be reimbursed for a travel expense associated with a training seminar conducted by his or her LEA for its employees, unless the LEA's chief administrator or designee certifies that the LEA: (1) does not possess interactive television or video conference facilities at the designated headquarters of the employees attending the seminar; and (2) cannot purchase or lease those facilities at a cost less than the total travel expenses associated with the seminar; and (3) does not have access to another agency's facilities at the same location.

Discounts and travel expenses at no cost:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/misc/disc/index.php>

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/misc/disc/incurred.php>

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/misc/disc/discounts.php>

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/misc/disc/discair.php>

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/misc/disc/freqlodg.php>

Discounts on travel expenses:

An LEA employee may not be reimbursed for a travel expense unless the employee has incurred the expense. Therefore, an LEA employee may not be reimbursed for the value or cost of a discount on a travel expense unless the employee paid money to obtain the discount. If the employee receives a discount as a benefit of making unrelated purchases or conducting unrelated business with the provider of the discount, the discount is considered to be provided free to the employee.

If an employee paid money to obtain a discount, the employee may be reimbursed the lesser of: (1) the cost of obtaining the discount; and (2) the amount of the discount; and (3) the maximum that may be reimbursed to a state employee for the type of travel expense incurred.

Example: Rosie is an LEA employee who uses her personal credit card for most of her monthly purchases because her credit card company offers a bonus structure for use of the card. Rosie is able to trade in "points" that she earns from her credit card purchases for air miles. Rosie decides to use her air miles for an LEA-related business trip, and therefore she does not incur any out-of-pocket costs for the airfare. She would like to claim what the ticket would have cost her on a travel voucher. Rosie is not able to do so because she has not incurred an airfare expense for reimbursement purposes.

Expenses must actually be incurred to be eligible for reimbursement:

An LEA employee may not be reimbursed for a travel expense unless the employee has incurred the expense. For example, an employee who receives free transportation or lodging in exchange for mileage, points or other non-monetary credits has not incurred an expense for reimbursement purposes.

Expenses incurred while qualifying for discount airfare:

An LEA employee may be reimbursed for travel expenses incurred while staying extra days at a duty point to qualify for discount airfare if: (1) the amount of the reimbursement plus the amount of the discount airfare is less than the contract airfare or average coach airfare that would be available had the employee not stayed extra days at the duty point; and (2) the expenses are the same type of expenses incurred during the other days at the duty point; and (3) the employing LEA determines that the employee's absence for the extra days is not detrimental.

Discounts for frequent use of a commercial lodging establishment: A 1984 opinion issued by the State Ethics Advisory Commission limits the use of travel discounts or bonuses earned from travel paid with public funds. Such a discount or bonus can only be used for a private purpose if it cannot be used for a public purpose. Each LEA must determine whether a discount or bonus can be used for a public purpose. The Superintendent or designee will determine whether a discount or bonus can be used for a public purpose.

An LEA employee must not misuse government property or other things of value belonging to the agency that come into the employee's by virtue of the employee's office or employment. However, a discount or award given for travel, such as frequent flyer miles, rental car or hotel discounts or food coupons, are not things of valued belonging to the government for purposes of this section. This is due to the administrative difficulty and cost involved in recapturing the discount or award for a governmental entity.

Exceptions:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/except/index.php>

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/except/unrelated/index.php>

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/except/unrelated/medcare.php>

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/except/unrelated/funerals.php>

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/except/unrelated/disaster.php>

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/except/unrelated/leave.php>

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/except/leave.php>

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/except/unrelated/illness.php>

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/except/weekend.php>

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/except/otheragy.php>

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/except/multiple.php>

Generally, in order for a travel expense to be reimbursable, it must be related to LEA business. However, there are certain circumstances that allow for reimbursement of expenses not related to LEA business.

A travel expense not related to LEA business is not reimbursable unless it is included in the exceptions in this section:

Medical care for traveling LEA employees: As additional compensation to an LEA employee, the employee may be reimbursed for a travel expense incurred while obtaining medical care for the employee if: (1) the expense is incurred outside the employee's designated headquarters; and (2) the purpose of the employee traveling outside the employee's designated headquarters was to conduct LEA business; and (3) waiting to receive the care until the employee returns to the employee's designated headquarters would be unreasonable; and (4) the expense would have been reimbursable had it been incurred while conducting LEA business; and (5) the expense is incurred only while traveling to the nearest appropriate medical care facility.

Example: Mike, an LEA employee traveling on LEA business outside his designated headquarters has the misfortune of catching the flu. He is unable to perform his duties and determines it is necessary to visit the nearest appropriate hospital prior to returning home. He drives his personal vehicle to and from the hospital. The mileage Mike incurs is reimbursable at the applicable reimbursement rate.

Attending funerals: An LEA employee may be reimbursed for a travel expense incurred while attending the funeral of an individual who was an LEA employee or board member if: (1) the LEA determines that the employee's attendance at the funeral is appropriate under the circumstances; and (2) the expense is reimbursed only to the extent it could have been reimbursed had it been incurred while conducting LEA business.

Natural disaster or other occurrence: An LEA employee may be reimbursed for a travel expense incurred as a result of attempting to conduct LEA business if: (1) the employee is unable to conduct the business because of a natural disaster or other natural occurrence; and (2) the expense would be reimbursable had the LEA business been conducted.

Travel expenses incurred while on leave: An LEA employee may be reimbursed for a travel expense incurred while using personal or compensatory leave if: (1) the leave is used while the employee is away from their designated headquarters; and (2) the primary purpose of the employee's being away is to conduct LEA business; and (3) the LEA determines that returning the employee to their designated headquarters while using the leave would not be practical or cost-effective; and (4) the expense is incurred in the duty point at which the employee is conducting LEA business; and (5) the expense is a type of expense that the employee incurred or would have incurred while conducting LEA business.

Example: Julie is an LEA employee headquartered in Houston. She travels to Dallas to conduct LEA business. Julie attends business meetings in Dallas on Monday and Tuesday and has another

business meeting in Dallas on Friday. Julie's employer determines it would not be cost-effective to reimburse her to return to Houston, her headquarters, and then back to Dallas, her duty point, on Friday to resume LEA business. Therefore, she may be reimbursed for meal, lodging and transportation expenses incurred at the duty point while she is on leave. The expenses she incurs both on personal leave and while conducting LEA business are only reimbursable up to the applicable maximum reimbursable rates. If Julie decides to drive her vehicle to a location outside the duty point or incurs meals at a location outside the duty point, the expenses would not be reimbursable.

Travel to a duty point or designated headquarters while on personal or compensatory leave: An LEA employee who is on leave may be required by the LEA to leave a location outside of the employee's designated headquarters to travel to a duty point that is also outside of headquarters. The employee may be reimbursed for the travel expenses incurred. The reimbursable expenses are limited to the amount of travel expenses that would have been incurred had the employee traveled from his or her headquarters directly to the duty point. Note: The expenses are only reimbursable if the travel to the duty point is from a location other than the employee's residence and the employee could not have reasonably anticipated that the business travel would be necessary before going on leave outside of the employee's headquarters.

Return to a designated headquarters while on personal or compensatory leave: An LEA employee who is on leave may be required by the LEA to leave a location outside of the employee's headquarters to return to that headquarters. The employee may be reimbursed for the travel expenses incurred while returning to the designated headquarters. If the employee resumes the leave, he or she may also be reimbursed for expenses incurred while traveling back to the location at which the employee was staying on leave or to the proper location on the employee's itinerary. Note: The expenses are only reimbursable if the travel to the headquarters is from a location other than the employee's residence and the employee could not have reasonably anticipated that the business travel would be necessary before going on leave outside of the employee's headquarters.

Example: Ron, an LEA employee on vacation in New Mexico, is called back to his office in Dallas by his supervisor during an emergency situation at the LEA. He travels from New Mexico to Dallas and completes the LEA duties required by his supervisor. He then returns to New Mexico for the remainder of his vacation. Ron may be reimbursed for reasonable travel costs incurred to get him to Dallas to conduct his business and then back to New Mexico to complete his vacation.

Travel expenses incurred while returning to a designated headquarters because of illness or a personal emergency: An LEA employee may be reimbursed for a travel expense incurred when the employee returns from a duty point to his or her designated headquarters before LEA business is completed because of an illness or a personal emergency.

Spending the weekend away from a designated headquarters: An LEA may determine whether an employee should (1) remain at the employee's duty point during the weekend or (2) return to the employee's designated headquarters.

- An employee may be reimbursed for a transportation expense incurred while returning to the headquarters and then going back to the duty point after the weekend if the LEA determines it is most beneficial for the employee to return to the headquarters.
- An employee may be reimbursed for weekend travel expenses at the duty point if the LEA determines it is most beneficial for the employee to remain at the duty point over the weekend. The reimbursable expenses are limited to the types of expenses the employee incurred on other days while conducting LEA business.
- If an employee is authorized by the LEA to leave a duty point to travel to a location other than the employee's designated headquarters over the weekend, the employee may be reimbursed for expenses limited to the types of expenses the employee incurred on other days while conducting LEA business.

Example: Anna is an LEA employee headquartered in Dallas. She flies to Albuquerque on a Monday morning in November to conduct LEA business. The LEA business begins Monday afternoon, temporarily ends Friday afternoon, and resumes the following Monday. Anna's LEA reviews the amount it would cost to fly Anna back to Dallas on Friday and then fly back to Albuquerque on Monday. The LEA determines that the estimated meal, lodging, and transportation reimbursement for Anna to stay the weekend in Albuquerque would be less than the cost of additional airfare. The LEA advised Anna that it would be most cost-effective for her to stay the weekend in Albuquerque and complete her LEA business the following week. The lodging, meal and transportation expenses Anna incurs over the weekend are reimbursable up to the applicable maximum reimbursement rates.

Reimbursement of travel expenses of another LEA's employee: An LEA may reimburse a travel expense incurred by another LEA's employee if that employee incurred the expense while providing services to the reimbursing LEA.

Multiple reimbursements of a travel expense prohibited: An LEA employee may only be reimbursed for a travel expense from one source. If an employee receives a travel reimbursement from a person other than the employee's employer, and the amount of the reimbursement is less than the expenses incurred, the employee may seek reimbursement from its employer only for the difference.

Example: David, an LEA employee headquartered in Austin, travels on LEA business to Dallas. David is also a member of a professional organization that will pay for his lodging cost while in Dallas because he will attend one of the organization's functions during one night of his stay. Since the professional organization is paying for David's lodging cost, he may not claim a lodging cost

on his travel voucher for reimbursement from his employer. David may claim his other reimbursable expenses incurred for LEA business, such as meals, transportation, incidentals, etc.

Death of an LEA employee:

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/misc/death.php>

If an LEA employee dies while conducting LEA business at a duty point outside his or her designated headquarters, an LEA may pay the expense of preparing and transporting the employee's remains and personal property to the employee's designated headquarters or another location designated by the executor or administrator of the employee's estate. If transport is to a location other than the designated headquarters, then the amount of the LEA's payment may not exceed the amount that would have been paid for transport to the headquarters.

The LEA may reimburse the employee's estate for appropriate lodging and transportation expenses incurred by the employee at the duty point.

Student Travel:

Allowable meals is \$5.00 per student per meal, maximum of three (3) meals per day.

Lodging best available rate for the area.

Request for travel is submitted to the Business office in advance on a Check Request form (see procedures for requesting a check), approved by principal of the campus, approved by department manager, and approved by Business Office.

Checks are processed weekly.

All receipts are submitted to business office upon completion of travel.

Travel Advances:

Advance payment may sometimes be requested for necessary expenses to be incurred by student groups or district employees for out-of-town travel.

1. An Advance Payment Request must be attached to the Request for Check.
2. Upon completion of the activity, the sponsor shall return any unused funds to the Cash Receipt Clerk for issuance of a receipt. All supporting documentation and the receipt for unused funds shall be forwarded to the Central Office to attach to the original Request for Check.
3. The settlement of all advances shall be completed no later than fifteen (15) days after the completion of the activity for which the advance was made, except in cases deemed necessary by the principal. In all cases settlement should be attained prior to the end of the school year.

Although allowed with local, state, and activity funds, travel advances are not allowable with federal funds.

3) Travel Documentation:

Travel costs must be properly documented to be reimbursable. The employee must document travel costs with a travel voucher or other comparable documentation. Auditable documentation must include the following at a minimum:

- Name of the individual claiming travel reimbursement
- Destination and purpose of the trip, including how it was necessary to accomplish the objectives of the grant project
- Dates of travel
- Actual mileage (not to exceed reimbursement at the maximum allowable rate)
- Actual amount expended on lodging per day, with a receipt attached (may not exceed the maximum allowable)
- Actual amount expended on meals per day as indicated by receipts (may not exceed the maximum allowable; tips and gratuities and alcohol are not reimbursable)
- Actual amount expended on public transportation, such as taxis and shuttles
- Actual amount expended on a rental car, with a receipt attached and justification for why a rental car was necessary and how it was more cost effective than alternate transportation; receipts for any gasoline purchased for the rental car must be attached (mileage is not reimbursed for a rental car – only the cost of gasoline is reimbursed)
- Actual amount expended on incidentals, such as hotel taxes (Texas state sales tax are not reimbursable), copying of materials, internet access, toll road charges, and other costs associated with the travel
- Total amount reimbursed to the employee
- Certification by the employee that all expenditures are true and accurate, even for expenditures that require a receipt

Reimbursement of travel expenditures require original itemized receipts. A credit card charge slip is not considered an itemized receipt. If the employee cannot produce original itemized receipts, the following exceptions may be allowed, upon approval: written certification that the funds were used only for allowable expenses and were necessary for the goals of the grant.

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

Access meal and lodging reimbursement information and rates through the Texas State Comptroller's website at:

<https://fmx.cpa.state.tx.us/fmx/travel/index.php>

Travel Reimbursement Rates are located at:
<https://fmx.cpa.state.tx.us/fm/travel/travelrates.php>

Domestic Maximum Per Diem Rates are located at:
<http://www.gsa.gov/portal/content/104877>

State travel laws and rules are located at:
<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/index.php>

4) Travel Requests and Approval Process:

The immediate administrative supervisor authorizes all travel related to their respective campus/department.

Purchase Request forms for travel-related expenses must follow the same procedures as other expenses and must be approved prior to travel.

Purchase orders must include the date of travel.

The LEA's staff are authorized to initiate travel requests. The immediate, department, and LEA supervisors are authorized for approving travel requests.

Local travel is considered to be within the geographical boundaries of the LEA. Overnight stay requires approval by the Learner Supports Office or Deputy Superintendent's Office.

Out-of-district and out-of-state travel require(s) an approved Travel Request form which must be attached to the purchase order. Out-of-State travel with federal funds is not allowable without prior approval from TEA. Refer to TEA procedures.

Out-of-state travel requires approval of the Superintendent or Deputy Superintendent. The approval must be attached to the purchase order. Out-of-State travel with federal funds is not allowable without prior approval from TEA. The Deputy Superintendent reviews TEA guidelines to determine if allowable with the federal grant program and approves the request to seek prior approval by TEA.

All hotel reservations must be made through the Deputy Superintendent's Office, Curriculum Office, or by the employee using the employee's personal credit card.

When booking, consider the distance to the business destination, airport, restaurants, etc., in choosing a hotel site. Standard room accommodation will be reimbursable. Travelers must

reimburse the LEA for any costs related to an upgrade in room accommodation. The employee is responsible for notifying the hotel in the event of travel plan changes. An employee who does not notify the hotel of a cancellation before the deadline established by the hotel may not expense the no-show charge for reimbursement.

Movies and incidentals do not meet the IRS interpretation of travel expenditures and are not allowable at any time. The traveler must review his or her invoice and settle charges with the hotel with his or her personal credit care for room service, movies, personal phone calls, etc., prior to check out. Business-related fax charges are reimbursable. Business-related Internet connection fees are reimbursable with approval by the supervisor. The cost of personal cellular phone usage is not reimbursable except in extreme emergency. A supervisor must approve these charges.

The LEA assumes no responsibility for personal autos used for company business. Personal vehicles should not be used for extended trips as the mileage charges are not economical to the LEA. Personal vehicles may be used for extended trips with prior approval by the supervisor and justification.

All rental car reservations must be made through the Deputy Superintendent's Office, Curriculum Office, or by the employee using the employee's personal credit card. As a general rule, an intermediate or smaller model must be rented whenever possible. When three or more employees are traveling together, a full size care is permissible.

The LEA is insured for rental vehicles. Travelers are advised to refuse insurance coverage offered by car rental companies since such coverage would be a duplication and a non-reimbursable expense.

The following expenses in the operation of rental cars are not reimbursable: refueling charges for not returning the rental car with a full tank of gas (unless sufficient reason for not refueling can be given); pre-paid fuel charges; parking or traffic violation tickets.

Rental cars are for business use only and should not be used for personal use, without prior approval by the supervisor and justification. LEA insurance does not cover a rental car used by an employee for personal use. The employee will be responsible for any additional insurance coverage and/or any damage to the vehicle if used for personal use.

If an employee books an airfare that is not the fare recommended by the travel agent, the employee may be responsible for the difference between the recommended fare and the accepted fare, unless prior approval by the supervisor is received. When travelers make unapproved modifications to travel arrangements that result in additional charges, those additional charges may not be

reimbursable and may be the responsibility of the traveler unless authorized by the supervisor and approved by the Deputy Superintendent's Office.

Combined Business and Personal Travel: If an employee combines business with personal travel, the portion of expense constituting the employee's own reimbursable business expense must be separated and reported as such. The business-related expense may not exceed the amount of reimbursable expense which would have been incurred had the trip been made strictly for business purposes. When a personal auto rather than air travel is used due to personal reasons, mileage reimbursement may not exceed the economy class airfare for that destination and may not exceed local mileage actually incurred. The cost of meals, lodging, and incidental expenditures en route that exceed the costs that would have been incurred if traveling by air are not reimbursable since they would have been avoided had transportation been by air instead of auto.

Payments for expenses incurred by spouses are considered illegal gifts of public funds unless the spouse is representing the LEA in an official capacity. Under no circumstances will the LEA reimburse for expenses that were incurred for individuals not representing the LEA for business purposes.

The Travel form must be used to document travel activity.

Mileage will be reimbursed at the local rate of \$0.45 per mile.

Meals and lodging will be reimbursed at the state-approved rate. With prior approval, local funds may be used to pay the difference between the state-approved hotel rate and the actual hotel rate.

Each trip must be separately documented.

The Business Office is responsible for the disbursement of funds for travel reimbursement.

d) Field Trips

Field trips are not participant support costs, but rather generally fall under entertainment. Entertainment is unallowable unless it has a programmatic purpose. Field trips are generally unallowable unless they are identified as allowable in the program guidelines to the specific grant application. Allowable field trips will require justification in the grant application. The receipt of the NOGA for the grant application containing the field trip requests, when allowable, will constitute TEA's approval of the field trips.

Field trips from non-federal funds are financed through General Fund Budget and any additional monies needed over budget is received from Activity Funds. The school principal is fully

responsible for all commitments of Activity Fund monies. No Activity Fund commitments shall be made unless sufficient funds are available.

e) Hosting a Conference:

For purposes of TEA’s policy restricting hosting conferences, a “conference” is defined as a meeting, retreat, seminar, symposium, workshop or event whose primary purpose is the dissemination of technical information beyond the non-federal entity (for other non-federal entities that are not part of the grant award) and is necessary and reasonable for successful performance under the federal award.

For LEAs, providing meetings, seminars, symposiums, or workshops for the LEA’s employees, parents, and/or students are allowable with no prior approval needed, if the activity is reasonable, necessary, allocable, allowable, and meets the program intent and purpose. These activities would not be defined as hosting conferences.

f) Program-Specific Fiscal Compliance:

IDEA-B:

The CFO will monitor compliance with Maintenance of Effort (MOE) on a regular basis, but at least semi-annually. Necessary adjustments will be made prior to the end of the fiscal year to ensure compliance. MOE analysis required for the Eligibility Standard to be reported in the BS6016 Fiscal Compliance schedule of the Special Education Consolidated Grant application will be performed and the data provided to the Deputy Superintendent prior to the submittal deadline for the new grant year’s initial application. Documentation of the calculations for the Compliance Standard and the Eligibility Standard will be maintained in the Business Office.

The Business Office will determine if the LEA qualifies for the Voluntary Reduction option for MOE and will notify the Deputy Superintendent in a timely manner for reporting on the BS6016 Fiscal Compliance schedule of the Special Education Consolidated Grant application. The analysis will be performed prior to the submittal deadline for the new grant year’s initial application and performed again when the IDEA-B maximum entitlements are released by TEA. Documentation of the calculation will be maintained in the Business Office.

If the LEA chooses to exercise the option of Voluntary Reduction, the Business Office will ensure compliance with the eligibility criteria. The Business Office will track the “freed up” funds by using a local option code to ensure these funds are spent on ESEA activities. Documentation of the tracking of expenditures of the “freed up” funds on ESEA activities will be maintained in the Business Office.

The CFO will perform the Excess Cost calculation twice a year. An initial, estimated calculation will be performed prior to the submittal deadline for the new grant year's initial Special Education Consolidated grant application. A final calculation will be performed with prior year actual, audited data when the data becomes available. Documentation of the calculation and supporting documentation will be maintained in the Business Office.

The Assistant Superintendent for Learner Supports will monitor compliance with the federal requirement to provide proportionate share services to parentally-placed private school children with disabilities for the IDEA-B program. The Assistant Superintendent for Learner Supports will compile the data required on the Private School schedule of the Special Education Consolidated grant application and provide to the Deputy Superintendent prior to the submittal deadline for the new grant year's initial application. The Deputy Superintendent will ensure all applicable parties are aware of the proportionate share amount determined during receipt of the initial IDEA-B entitlement and the revised proportionate share amount determined when TEA releases maximum entitlements. The Business Office will track proportionate share expenditures by using a local campus code (200) to ensure funds are used for the intended purpose and to monitor unused proportionate share funds carried over to the subsequent year. If the proportionate share carryover funds are not spent toward the end of the carryover year and every attempt has been made to spend the proportionate share funds on parentally-placed private school children with disabilities, the LEA may then spend the funds on public school children with disabilities. The Deputy Superintendent will make the necessary adjustments, if applicable. Documentation of the calculations and monitoring of funds and expenditures will be maintained in the TEA online environment and the LEA Business Office.

If the LEA reserves IDEA-B funds for Coordinated Early Intervening Services (CEIS), the Business Office will track CEIS expenditures by using a local option code to ensure funds are used for the intended purpose. The Assistant Superintendent for Learner Supports will be responsible for tracking CEIS activities and students served according to the federal reporting requirements for CEIS. The Deputy Superintendent will be responsible for compiling the required data and reporting to TEA by the deadline established by TEA. Documentation of the tracking of expenditures and students served will be maintained by the Assistant Superintendent for Learner Supports and Business Office.

ESEA:

The CFO will monitor compliance with Maintenance of Effort (MOE) on a regular basis, but at least semi-annually. Necessary adjustments will be made prior to the end of the fiscal year to ensure compliance. MOE analysis required for the NCLB Consolidated Grant application will be performed and the data provided to the Deputy Superintendent prior to the submittal deadline for the new grant year's initial application. Documentation of the calculations for the Compliance Standard and the Eligibility Standard will be maintained in the Business Office.

The Assistant Superintendent for Learner Supports will monitor compliance with the federal requirement to provide equitable services to parentally-placed private school children meeting the Title I eligibility guidelines.

The Assistant Superintendent for Learner Supports will compile the data required on the Private School schedule of the NCLB Consolidated grant application and provide to the Deputy Superintendent prior to the submittal deadline for the new grant year's initial application. The Deputy Superintendent will ensure all applicable parties are aware of the equitable share amount determined during receipt of the initial NCLB entitlement and the revised equitable share amount determined when TEA releases maximum entitlements. The Business Office will track equitable share expenditures by using a local campus code (200) to ensure funds are used for the intended purpose and to monitor unused equitable share funds carried over to the subsequent year. If the equitable share carryover funds are not spent toward the end of the carryover year and every attempt has been made to spend the equitable share funds on parentally-placed private school Title I-eligible children, the LEA may then spend the funds on public school children qualifying for Title I. The Deputy Superintendent will make the necessary adjustments, if applicable. Documentation of the calculations and monitoring of funds and expenditures will be maintained in the TEA online environment and the LEA Business Office.

If the LEA reserves IDEA-B funds for Coordinated Early Intervening Services (CEIS), the Business Office will track CEIS expenditures by using a local option code to ensure funds are used for the intended purpose. The Assistant Superintendent for Learner Supports will be responsible for tracking CEIS activities and students served according to the federal reporting requirements for CEIS. The Deputy Superintendent will be responsible for compiling the required data concerning Comparability, Ranking of Campuses for Multiple Attendance Area, Set-Aside Funds, Parental Involvement, and Highly Qualified Teachers along with reporting these to TEA by the deadline established by TEA. Documentation of the tracking of expenditures and students served will be maintained by the Assistant Superintendent for Learner Supports and Business Office.

F. Cash Management

1) Cash Management for Federal Funds 2 CFR §200.305

The LEA will comply with applicable methods and procedures for payments that minimize the time elapsing between the transfer of funds from the U.S. Treasury or pass-through entity (such as TEA) and the disbursement by the LEA, whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means. 2 CFR §200.305(b)

Generally, the LEA receives payment of federal funds from the Texas Education Agency (TEA) on a reimbursement basis. However, if the LEA receives an advance in federal grant funds, the

LEA will remit interest earned on the advanced payment to the federal agency, according to the EDGAR requirements.

The Business Office monitors the drawdowns to determine whether the payment of federal funds to the LEA is a reimbursement or an advance payment. If an advance payment, the Business Office ensures compliance with the interest requirements.

a) Payment Methods

Reimbursements: The LEA initially charges federal grant expenditures to nonfederal funds and then seeks reimbursement with federal funds.

According to TEA guidance, to be considered a reimbursement, an LEA draws down from TEA via the ER (Expenditure Reporting) system on or after the date the payment is mailed, delivered, or electronically delivered.

All reimbursements are based on actual disbursements, not on obligations. Reimbursements of actual expenditures do not require interest calculations.

Please see page 58 for procedures on expenditure reports for federal awards.

Advances: To the extent the LEA receives advance payments of federal grant funds, the LEA will maintain written procedures that minimize the time elapsing between the transfer of funds and disbursement by the LEA and will ensure its financial management system meets the standards for fund control and accountability as established in EDGAR.

According to TEA guidance, if the LEA draws down federal funds from TEA via the ER (Expenditure Reporting) system prior to making the payment (prior to the time the payment is mailed, delivered, or electronically delivered), the draw down is considered an advance. The payment date is the actual date of disbursement, not the date encumbered or scheduled for payment according to the accounting treatment.

According to 2 CFR §200.305(b)(1), the LEA will limit its advance payment requests to the minimum amounts needed and will time the advance payment to be in accordance with the actual, immediate cash requirements of the LEA in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the LEA for direct program or project costs and the proportionate share of any allowable indirect costs. The LEA must make timely payment to contractors in accordance with the contract provisions. The Business Office determines when advance payments are necessary. The Business Office is responsible for taking steps to limit the number of times the LEA requests an advance payment and minimize the time that elapses between draw down and disbursement.

According to 2 CFR §200.305(b)(7)(i), the federal government and TEA must not require separate depository accounts for funds provided to the LEA and must not establish any eligibility requirements for depositories for funds provided to the LEA. However, the LEA will have a process in place to account for the receipt, obligation, and expenditure of funds. The LEA does not choose to maintain a separate depository account for the advance payment of federal funds received from TEA.

According to 2 CFR §200.305(b)(7)(ii), advance payments of federal funds must be deposited and maintained in insured accounts whenever possible. The LEA's depository account is maintained in an insured account.

According to 2 CFR §200.305(b)(8), the LEA will maintain advance payments of federal funds in interest-bearing accounts, **unless** an allowable exception applies: (1) The LEA receives less than \$120,000 in federal awards per year; (2) The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on federal cash balances; (3) The depository would require an average or minimum balance so high that it would not be feasible within the expected federal and non-federal cash resources; (4) A foreign government or banking system prohibits or precludes interest bearing accounts. The LEA maintains its advance payments of federal funds in interest-bearing accounts.

According to 2 CFR §200.305(b)(9), the LEA may retain interest amounts up to \$500 per year for administrative expenses. The LEA defines administrative expenses to be expenses of doing business that are not readily identified with a particular grant, contract, project function or activity, but are necessary for the general operation of the organization and the conduct of activities it performs.

Any additional interest earned on federal advance payments deposited in interest-bearing accounts must be remitted to the federal agency according to the requirements of EDGAR. The interest must be remitted annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment. Detailed information for submitting the earned interest is found at 2 CFR §200.305(b)(9).

To reduce exposure to changes in interest rates that could adversely affect the value of investments, the LEA shall use final and weighted-average-maturity limits and diversification. The LEA shall monitor interest rate risk using weighted average maturity and specific identification.

As of June 16, 2015, the current interest rate is market rate which is currently at a range of 0.0598 – 0.1092. from TexPool/TexPool Prime.

Regardless of the date of obligation, interest is calculated from the date that the federal funds are drawn down from the ER system (for state administered programs) or the G5 system (for direct

grant programs) and deposited into your depository account, until the date on which those funds are disbursed by the LEA.

Interest does not accrue as the LEA uses nonfederal funds to pay the vendor and/or employees prior to the funds being drawn down, because that method would be a reimbursement rather than an advance.

- **Expenditure Reporting System (TEA's system)**

Reimbursements: Reimbursement requests will be submitted via the TEA Expenditure Reporting (ER) system.

The Special Programs Administrative Assistant is responsible for reviewing cumulative expenditures for federal grants and preparing the required expenditure reports for federal awards, at least monthly. The review should occur after the processing of payroll. The Budget Coordinator or designee will generate a General Ledger Summary report in the TxEIS system for each federal grant. The actual expenditures will be totaled by class object code. Any payroll liabilities that appear in the balance sheet accounts will be deducted from the 6100 object code total. This will prevent drawing down more cash than has actually been expended, thereby keeping the draw down as a reimbursement. The Budget Coordinator will reconcile the ledgers for each federal award to confirm that only actual expenditures are requested (confirming that the payment has been mailed or delivered).

The Budget Coordinator will complete the Federal Program Control Sheets used to track grant expenditures. Each program award is tracked on a separate Control Sheet. Every draw from the ER system will be recorded on the appropriate Control Sheet. This will allow the CFO or designee to determine the last time a draw was made. If cumulative expenditures have increased since the last draw, a new draw will be initiated.

The Special Programs Administrative Assistant is responsible for reviewing and approving federal expenditure reports through the certification process of the ER system. The Special Programs Administrative Assistant ensures draw down requests will not exceed the threshold amount established by TEA. The Budget Coordinator ensures final expenditure reports, and revised final expenditure reports, if applicable, are submitted by the deadlines established by TEA.

The Budget Coordinator, who records cash receipts for the LEA, posts each draw using the appropriate account code(s) to post the revenue.

Consistent with state and federal requirements, the LEA's Business Office will maintain source documentation supporting the federal expenditures (invoices, time sheets, payroll stubs, etc.) and documentation supporting the draw down requests and will make such documentation available for the TEA's review upon request.

Advances: Advance payment requests will be submitted via the TEA Expenditure Reporting (ER) system.

Please see page 56 for procedures on requesting advance payments with federal funds.

2) Local Cash/Check Handling

All cash and checks will be presented to the campus principal on a daily basis. No post-dated checks will be accepted. Funds must not be kept in classrooms, personal wallets or purses, or at home. No funds are to be deposited in personal bank accounts with the intent to reimburse. No cash purchases may be made from these funds; every dollar collected must be receipted and deposited to the campus principal.

The campus principal or designee will receipt and deposit all monies on a daily basis in the bank or secure overnight in a locked campus safe if the deposit cannot be made the same day. Personal employee checks may not be cashed from monies collected at the campus or LEA level to ensure an adequate audit trail of all funds collected by the LEA.

Cash received from miscellaneous sources must never be co-mingled with the Petty Cash Fund.

Refer to the LEA's Business Procedure Manual found at <http://www.cisd.org/domain/22> for detailed procedures.

3) Petty Cash

The LEA does authorize the use of Petty Cash.

Petty Cash Accounts are established to facilitate immediate cash payments. The funds issued for petty cash are to be used to purchase items that are needed quickly and do not total over \$25.

Petty Cash funds should be used only in an emergency and not used in place of a purchase order. Open purchase orders can be used for routine small expenses.

All Petty Cash Accounts must be approved by the campus principal and CFO. If approved, a Petty Cash Custodian will be assigned to the account.

The Petty Cash Custodian is responsible for maintaining and protecting the Petty Cash Account. The Business Office must be notified immediately if there is a change in the Petty Cash Custodian.

Cash received from miscellaneous sources must never be co-mingled with the funds in the Petty Cash Account.

Personal checks and other checks cannot be cashed from the Petty Cash Account.

Petty Cash funds are prohibited from being used as a source for loans to employees or other persons.

Petty Cash accounts must be reconciled on an annual basis.

Refer to the LEA's Business Procedure Manual found at <http://www.cisd.org/domain/22> for detailed Petty Cash procedures.

4) Check Processing

State law requires that LEAs pay all invoices within thirty (30) calendar days to avoid penalty and interest charges.

The Business Office ensures invoices are paid within thirty (30) days.

The LEA's checks are processed on Thursday of each week. The Business Office determines the date that vendors will be paid; employees should avoid making prior commitments to vendors about payment disbursements.

All payments must be pre-authorized by an approved purchase order. No checks or payments will be issued without an approved purchase order or check request on file.

Returned Checks

When a check is returned by the bank, the following procedures shall be followed:

- The financial clerk shall immediately notify the maker of the returned check and request that it be redeemed with cash.
- Under no circumstances should the returned check be surrendered to the maker except in return for cash.
- No checks shall be accepted from a party who has not redeemed a previously returned check.
- Retain all bank memorandums in the school files.
- When a person redeems a returned check with cash, give him/her the returned check as his receipt.

In the event that the LEA is unsuccessful in collecting returned checks, the CEO will send those checks to the Navarro County District Attorney's office for collection. Additionally, any and all state-authorized recovery fees and applicable sales tax will be made electronically.

LEA personnel should not attempt to recover payment on a returned check. The campus or department that accepted the bad check will be notified that the amount of the check has been deducted from their account, pending recovery of the bad check. The campus or department will be notified once the check has been recovered and credited back to their account.

5) Campus Activity Funds

Campus activity funds are funds generated by teachers, sponsors, or the principal as a result of fundraising, vending, or other approved campus activities. These funds, in accordance with local policy, may be used for activities of the students, faculty, staff, or campus.

The collection and disbursement of campus activity funds must comply with the LEA's Activity Funds Procedures Manual.

6) Student Activity Funds

Student activity funds are held by the school as trustee to be expended only for the purpose authorized by the student club, class, or organization. All student activity funds must be expended exclusively for the benefit of students.

The collection and disbursement of student activity funds must comply with the LEA's Activity Funds Procedures Manual.

G. Timely Obligation of Funds

1) When Obligations are Made

Obligations are 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. 34 CFR §200.71.

The Deputy Superintendent's Office determines that the timing of obligations are compliant with the following table by examining purchase requests before approval.

The following table illustrates when funds are determined to be obligated under federal regulations:

If the obligation is for:	The obligation is made:
Acquisition of property	On the date which the LEA makes a binding written commitment to acquire the property
Personal services by an employee of the LEA	When the services are performed
Personal services by a contractor who is not an employee of the LEA	On the date which the LEA makes a binding written commitment to obtain the services
Public utility services	When the LEA receives the services

Travel	When the travel is taken
Rental of property	When the LEA uses the property
A pre-agreement cost that was properly approved by the Secretary under the cost principles in 2 CFR part 200, Subpart E-Cost Principles.	On the first day of the project period.

34 CFR §75.707; 34 CFR §76.707.

2) Period of Availability of Federal Funds

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

State-Administered Grants: As a general rule, state-administered federal funds are available for obligation within the year that Congress appropriates the funds for. However, given the unique nature of educational institutions, for many federal education grants, the period of availability is 27 months. Federal education grant funds are typically awarded on July 1 of each year. While the LEA will always plan to spend all current grant funds within the year the grant was appropriated for, the period of obligation for any grant that is covered by the “Tydings Amendment” is 27 months, extending from July 1 of the fiscal year for which the funds were appropriated through September 30 of the second following fiscal year. This maximum period includes a 15-month period of initial availability, plus a 12-month period for carryover. 34 CFR §76.709. For example, funds awarded on July 1, 2015 would remain available for obligation through September 30, 2017. TEA provides for the 27 month period of availability by making the funds available July 1 through September 30 of the following year and then allowing a carryover period of an additional 12 months for unused funds.

Direct Grants: In general, the period of availability for funds authorized under direct grants is identified in the GAN. As of June 16, 2015, the LEA receives no direct grants.

For both state-administered and direct grants: According to 2 CFR §200.343(b), regardless of the period of availability, all obligations incurred under the award must be liquidated not later than 90 days after the end of the funding period unless an extension is authorized. Any funds not obligated within the period of availability or liquidated within the appropriate timeframe are said to lapse and must be returned to the awarding agency. 2 CFR §200.343(d). Consequently, the LEA closely monitors grant spending throughout the grant cycle.

According to TEA fiscal guidelines, all encumbrances, expenditures, and obligations of program funds must occur on or after the effective date of the grant application submitted to TEA (the date the application was received or the first day of the grant availability period, whichever is later) and within the grant beginning and ending dates listed on the NOGA. Grantees may generally enter cumulative expenditures into the TEA Expenditure Reporting (ER) system up to 30 days following the ending date of the grant.

Carryover

State-Administered Grants: As described above, the Tydings Amendment extends the period of availability for applicable state-administered program funds. Essentially, it permits recipients to “carryover” any funds left over at the end of the initial 15 month period into the next year. These leftover funds are typically referred to as carryover funds and continue to be available for obligation for an additional 12 months. 34 CFR §76.709. Accordingly, the LEA may have multiple years of grant funds available under the same program at the same time.

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

As of June 16, 2015, the LEA does not receive direct grants.

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

- 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).

H. Program Income 2 CFR 200.307

Definition

Program income means gross income earned by a grant recipient that is directly generated by a supported activity or earned as a result of the federal award during the grant’s period of performance. 2 CFR §200.80.

Program Income Includes: Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under federal awards,

the sale of commodities or items fabricated under a federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with federal award funds. 2 CFR §200.80.

Program Income Is Not: Interest earned on advances of federal funds is not program income. Except as otherwise provided in federal statutes, regulations, or the terms and conditions of the federal award, program income does not include rebates, credits, discounts, and interest earned on any of them. 2 CFR §200.80. Additionally, taxes, special assessments, levies, fines, and other such revenues raised by a recipient are not program income unless the revenues are specifically identified in the federal award or federal awarding agency regulations as program income. 2 CFR §200.307(c). Finally, proceeds from the sale of real property, equipment, or supplies are not program income. 2 CFR §200.307(d).

According to 2 CFR §200.307(a), LEAs are encouraged to earn income to defray program costs where appropriate. If authorized by federal regulations or the federal award, costs incidental to the generation of program income may be deducted from gross income to determine program income, provided these costs have not been charged to the federal award. 2 CFR §200.307(b).

According to 2 CFR §200.400(g), the LEA may not earn or keep any profit resulting from federal financial assistance, unless explicitly authorized by the terms and conditions of the federal award.

Use of Program Income

While the deduction method is the default method, the LEA always refers to the GAN/NOGA prior to determining the appropriate use of program income.

Deduction Method. The default method for the use of program income for the LEA is the deduction method. 2 CFR §200.307(e). Under the deduction method, program income is deducted from total allowable costs to determine the net allowable costs. Program income will only be used for current costs unless the LEA is otherwise directed by the federal awarding agency or pass-through entity (TEA). Program income that the LEA did not anticipate at the time of the federal award must be used to reduce the federal award and non-federal entity contributions rather than to increase funds committed to the project. 2 CFR §200.307(e)(1).

Addition Method. The LEA may request prior approval from the federal awarding agency to use the addition method. Under the addition method, program income may be added to the federal award by the federal agency and the non-federal entity. The program income must be used for the purposes and under the conditions of the federal award. 2 CFR §200.307(e)(2).

Income after the Period of Performance. There are no federal requirements governing the disposition of income earned after the end of the period of performance for the federal award, unless the federal awarding agency regulations or the terms and conditions of the federal award provide otherwise. 2 CFR §200.307(f).

As of June 16, 2015, the LEA does not receive any program incomes as defined in 2 CFR §200.80.

II. Procurement System

The LEA maintains the following purchasing procedures.

Responsibility for Purchasing

A. Purchase Methods

The type of purchase procedures required depends on the cost of the item(s) being purchased.

Purchase Orders

Definition of a Purchase Order

A purchase order is an instrument used to encumber funds (setting aside funds in advance for the payment of goods and services when received or rendered). Texas Education Agency Bulletin 679, ACT 302 requires that an encumbering accounting system be in place.

According to the TEA 2010 Financial Accountability System Resource Guide, a purchase order serves as a formal order for goods, materials, and/or services from a vendor. A purchase order, once approved, is a binding commitment for an LEA to remit payment to the vendor after the item(s) and an invoice are received.

A purchase order is a purchaser's document to formalize a purchase transaction with a vendor. The purchase order should contain statements as to the quantity, description, and price of the goods or services orders; applicable terms as to payment; discounts; date of performance; transportation arrangements; and other factors or suitable references pertinent to the purchase and its execution by the vendor. Acceptance of a purchase order constitutes a contract.

Use of Purchase Orders

A purchase order, after the final approval process, is a binding commitment for the LEA to remit payment to the vendor after the LEA receives the item(s). A purchase order is also an important accounting document. It should contain information on the expenditure to be made and the account code to be charged. Once issued, the purchase order encumbers funds, which serves as an expenditure control mechanism. Finally, the purchase order is utilized in the accounts payable process as it documents that an order has been placed and is acceptable by the user; the user can make payment to the vendor upon verified and documented receipt of the goods/services.

Prior to the purchase of goods or services, a properly prepared and submitted purchase order shall be required.

Reimbursements for goods/services purchased personally will be reimbursed only if an approved purchase order is in place prior to the purchase of the goods and does not exceed the amount of

the purchase order (shipping costs should be included in the purchase order). No changes, substitutions, or increases in funds may be made without approval from the Business Office.

All LEA personnel are required to follow the following guidelines for any purchase, regardless of fund source. In addition, Federal Program personnel will adhere to the applicable statute, regulations, and other grant requirements when making purchases. Employees who violate the LEA's purchasing procedures shall be held personally liable for the debt incurred.

Section 44.052 Texas Education Code states that a superintendent that approves any expenditure of school funds in excess of the amount appropriated for that item(s) in the adopted budget commits a Class C misdemeanor offense. Consequently, close supervision and monitoring of the availability of budget dollars and of the approval process for requisition competitive procurement are important elements of the LEA's purchasing process.

Items requiring purchase orders include, but are not necessarily limited to, the following:

- a) Capital Outlay/Fixed Assets (Equipment, furniture, etc.);
- b) Travel Expenses for Outside Consultants;
- c) Travel by Employees (Hotel, airfare, rental car expenditures require purchase orders; Mileage, parking, meals, and other approved incidentals may be reimbursed without a purchase order, by utilizing the Travel Request form) (Exception: Emergency Only);
- d) Registration fees for conferences;
- e) Instructional Materials (Exception: Situations which would render the purchase order procedure impractical);
- f) Office Supplies not stocked/available through the LEA;
- g) Professional and Contracted Services (Exception: Equipment Repair).

All purchase orders require approval with a requisition, using a Purchasing Requisition form or TxEIS requisition system. No confirmation ("after-the-fact") purchase orders will be allowed without justification and approval by the Superintendent, Deputy Superintendent, or CFO.

Requisitions:

According to the TEA 2010 Financial Accountability System Resource Guide (FASRG), a requisition is an internal document by which a campus or department of the LEA requests the purchasing department to initiate a purchase order. It is a request generated manually or electronically (through the use of automated systems) for the purchase of supplies, services, equipment, etc. The requisition should be in a standard format so that the information can be readily identified and transferred to a purchase order. If proper control procedures are used, the requisition and the purchase order can be combined on one form.

The Requisition form should always include, at a minimum, the following:

- a. A description of the item(s) to be purchased (The description should be complete enough for anyone to understand the item(s) being purchased);
- b. The quantity needed/requested;
- c. The proposal number, if applicable;
- d. A suggested vendor (Use the LEA's approved vendor list, making sure a bid vendor is used, if applicable);
- e. The code of the account to be charged;
- f. Pricing, if known;
- g. Requests for requisitions for Federal Grant funds must include justification back-up from the Campus/District Needs Assessment and Improvement Plan, where applicable;
- h. Proper original signatures, dated.

The LEA staff members are authorized to initiate purchase requisitions. Requisitions initiated by instructional, maintenance, and support personnel are approved by the budget managers of the funds requested. Requisitions which require expenditures from the Special Revenue Fund are approved by the Deputy Superintendent or CFO.

Purchase Orders:

The purchase order is the written evidence of orders placed as a result of properly initiated and approved purchase requisitions.

Once the Requisition form is approved and entered into the system, the purchase order is generated and routed for final approval.

The purchase order should always include, at a minimum, the following:

- a. Vendor name and address;
- b. Description of goods or services, including pertinent factors, such as size, color selection, etc.;
- c. Quantity of goods;
- d. Price (per unit and in total);
- e. Account codes;
- f. Payment terms;
- g. Discounts, if any;
- h. Transportation (shipping) arrangements;
- i. Other pertinent factors, such as delivery destination;
- j. Cancellation terms.

Final approval of the purchase order is provided by CFO. The purchase order is transmitted back to the campus and orders can then be placed. All purchase orders are mailed or faxed to vendors by the campus or Business Office. The Business Office encumbers funds from the proper account.

During review and approval of requisitions and purchase orders, special attention should be given to the account coding. If there are not sufficient funds in the account the expenditure is to be coded to, the Deputy Superintendent will request either a budget amendment or budget transfer. Expenditures that are not correctly coded will be returned to the department, causing delays in the expenditure process.

For control purposes, the Business Office maintains a record of all purchase orders issued. The log includes the date of submission, purchase order number, vendor name, and campus/department name.

Blanket (Open) Purchase Orders

According to the TEA 2010 Financial Accountability System Resource Guide (FASRG), a blanket purchase order is issued to a pre-approved vendor authorizing purchases from that vendor over a period of time. Blanket purchase orders are valuable because they allow the purchase of items quickly, may eliminate numerous individual purchase orders for small dollar-value items, and usually reduce paperwork and related processing costs. However, blanket purchase orders must follow certain criteria: pre-qualification of vendors, limitation on the maximum amount for purchases, a specific time frame for purchases covered by the blanket purchase order, and identification of authorized purchasers. Blanket purchase orders are issued so that supplies, materials, or services are available “as needed” by user departments.

The Business Office is responsible for the pre-qualification of vendors and ensures that the number of vendors to whom blanket purchase orders are issued is limited.

Purchases for immediate needs are set up with individual local vendors through a charge account under the CISD name. Approved CISD employees are allowed to charge and sign for purchases, any purchase over \$100 must be preapproved by head of department. The receipt is returned to CISD and approved by department head and submitted to Business Office where it will be reconciled to vendor statements. Sales tax exemption forms should be provided to the vendor, as sales taxes are not reimbursed.

Those who may make purchases under blanket purchase orders are limited to the following positions: Superintendent, Deputy/Asst. Superintendents, Executive Directors, and their designees may make purchases under blanket purchase orders.

All blanket (open) purchase orders are generated with a broad description and closed prior to year-end. All receipts must be received three (3) calendar days prior to the last check run of the fiscal year to process payment.

Cancellation of Purchase Orders

Cancellation terms are stated on the face of the purchase order, to inform vendors of purchase order cancellation procedures.

In the event it is necessary to cancel a purchase order, the requestor notifies the Business Office in writing so the encumbrance can be liquidated.

Encumbrances

Encumbrances are funds that have been reserved when a purchase requisition is finalized and encumbered. When a requisition is processed, funds are placed aside for that transaction and are no longer available for use in other transactions to prevent the possibility of budget overspending. Encumbrances are used as a general planning tool, to predict cash outflow, and to avoid overspending. The amount of the encumbrance will not be included in the actual funds balances since payment has not been generated. Once payment is made, the encumbrance will be reversed and the funds will appear under the actual funds balance rather than the encumbrance balance.

The Business Office utilizes the TxEIS financial/accounting system to generate obligation, encumbrance, and expenditure information on a monthly basis to monitor and review budget performance.

Invoices

Vendors are required to submit all invoices to the Business Office. If an invoice is received at the campus or department, the receiving party will sign (if the goods/services were received) and attach the invoice to the applicable purchase order and forward to the Business Office.

Texas law requires that all invoices be paid to vendors within thirty (30) calendar days of receipt of the goods/services. If the LEA fails to pay promptly, the vendor can assess penalty interest charges. All invoices must be submitted to the Business Office within five (5) business days of receipt to ensure prompt payment to the vendor. If a school employee neglects to submit an invoice on a timely basis, he/she may be held personally liable for the penalty interest charges.

Invoices for goods must contain a clear description of the merchandise. Invoices for contracted services must include documentation containing dates, hours, students served, if applicable, and services provided, along with the total amount due for services rendered. A statement on the invoice "for services rendered" will not be accepted in lieu of a detailed description of the services performed. Invoices are signed by the appropriate administrator or designee.

Purchasing Deadlines

In an effort to maximize the use of budgeted funds during the current fiscal year and meet the needs of the intended beneficiaries, the purchasing deadline for supplies and equipment shall be the third Friday in April, unless the specific State or Federal grant specifies an earlier date.

Summer needs for staff development and summer school should be anticipated and ordered prior to the start of summer school.

Purchasing documents for services and travel should be submitted within thirty (30) calendar days from the date in which it was incurred.

At times, the purchasing deadlines for State or Federal grants may be earlier than the deadlines stated above due to grant ending dates.

Required Documentation for Purchases

Third-party documentation is required to support disbursement of funds.

Documentation includes, but is not limited to:

- Purchase Orders;
- Purchase Acquisitions;
- Invoices;
- Original Receipts;
- Packing Slips

The LEA will maintain records sufficient to detail the significant history of procurement with Federal funds.

In addition to the documentation listed above, these records will include, but are not necessarily limited to, the following:

- a. Rationale for the method of procurement;
- b. Selection of contract type;
- c. Contractor selection or rejection; and
- d. The basis for the contract price.

Registration Fees

Registration fees are only processed and paid by purchase order. Registration is paid in advance of the conference, and is sent directly to the conference vendor. No payments are made to employees for reimbursement of registration fees without prior approval via a Travel Form.

The requisition/purchase order for registration must include the date of the event and the number/names of attendees. A copy of the approved Travel Form must accompany the requisition/purchase order before any payments will be made.

If registration fees are paid with Federal funds, the fee must only be paid during the grant year in which the event occurs.

Sales Tax Exemption Form

The Sales Tax Exemption Form shall be used for school-related purchases only. Misuse of the exemption form for personal purchases constitutes a misdemeanor.

Copies of the exemption form may be obtained from the Business Office or online at <http://www.cisd.org/domain/22>. Taxes, which should have been exempt, will be unauthorized for reimbursement if the exemption form was not presented to the vendor at the time of the purchase.

Subscriptions and Memberships

All costs for membership in business, technical, and professional organizations and subscription costs for business, professional and technical periodicals paid from Federal funds are purchased in the name of the organization, rather than the individual(s).

Vendors

Purchases from vendors that operate on a cash basis (do not accept purchase orders) will be used in extenuating circumstances only. The LEA participates in several cooperative purchasing programs. A list of these programs is available from the Business Office. Priority should be given to these vendors since the goods and/or services have been subjected to the rigor of a competitive bid process.

Micro-Purchases (Purchases up to \$3,000) 2 CFR §200.320(a)

Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold. According to 2 CFR §200.67, micro-purchase means a purchase of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the micro-purchase threshold (currently \$3,000). The micro-purchase threshold is set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 and is periodically adjusted for inflation. The micro-purchase method is used in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost.

To the extent practicable, the LEA distributes micro-purchases equitably among qualified suppliers. The campus principal or department head is responsible for making sure goods or services are competitively purchased and ensure that funds are expended in accordance with the adopted budget. The adopted budget provides authority to expend funds for the purposes indicated and in accordance with state law, Board policy, and the District's approved purchasing procedures.

Micro-purchases may be awarded without soliciting competitive quotations if the LEA considers the price to be reasonable. The LEA maintains evidence of this reasonableness in the records of all micro-purchases.

Small Purchase Procedures (Purchases that don't exceed \$50,000*) (*Texas is more restrictive, limiting to \$50,000 for ISDs and any charter schools that adopt TEC 44)

According to 2 CFR §200.320(b), small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold (currently \$150,000*). (Texas is more restrictive, limiting to less than \$50,000 for ISDs and any charter schools that adopt TEC 44.)

According to 2 CFR §200.88, Simplified Acquisition Threshold means the dollar amount below which an LEA may purchase property or services using small purchase methods. LEAs adopt small purchase procedures in order to expedite the purchase of items costing less than the simplified acquisition threshold. The simplified acquisition threshold is set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 and is periodically adjusted for inflation.

If small purchase procedures are used, price or rate quotations are obtained from an adequate number of qualified sources. An adequate number is defined by the LEA as at least three (3).

***Purchases under \$50,000 (State rule: FASRG Purchasing Module, pg 2; for ISDs and any charter schools that adopt TEC 44)**

To obtain the most competitive price, a district at its option *may obtain price quotes* for items costing *less than \$50,000*. The district's purchasing procedures should clearly define the lower figure for which quotes are required and *obtain and retain* written verification of the prices quoted. Unlike the mandatory competitive procurement described for purchases over \$50,000, if an item costs less than \$50,000, a district may utilize price quotations to stimulate competition and to attempt to receive the most favorable pricing.

***Purchases \$50,000 - \$150,000 (for ISDs and any charter schools that adopt TEC 44)**

Please see page 66 for purchase methods according to state rules, TEC 44.031.

Purchases Over \$150,000* (*ISDs and any charter schools that adopt TEC 44, purchases over \$150,000 are subject to the more restrictive federal law that restricts the procurement method to competitive bidding by sealed bids or competitive proposals)

Sealed Bids (Formal Advertising):

Federal Law 2 CFR §200.320(c)

For purchases over \$150,000, 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, for state, local, and tribal governments, the invitation for bids must be publically advertised;
- The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
- All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, 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.

State Law TEC 44.0352 for ISDs and any charter schools that adopt Chapter 44:

- In selecting a vendor through competitive sealed proposals as authorized by Section 44.031(a)(2), a school district shall follow these procedures;
- The district shall prepare a request for competitive sealed proposals that includes information that vendors may require to respond to the request. The district shall state in the request for proposals the selection criteria that will be used in selecting the successful offeror.
- The district shall receive, publicly open, and read aloud the names of the offerors and, if any are required to be stated, all prices stated in each proposal. Not later than the 45th day after the date on which the proposals are opened, the district shall evaluate and rank each proposal submitted in relation to the published selection criteria.
- The district shall select the offeror that offers the best value for the district based on the published selection criteria and on its ranking evaluation. The district shall first attempt to negotiate a contract with the selected offeror. The district may discuss with the selected offeror options for a scope or time modification and any price change associated with the modification. If the district is unable to negotiate a satisfactory contract with the selected

offeror, the district shall, formally and in writing, end negotiations with that offeror and proceed to the next offeror in the order of the selection ranking until a contract is reached or all proposals are rejected.

- In determining the best value for the district, the district is not restricted to considering price alone but may consider any other factors stated in the selection criteria.

Competitive Proposals:

Federal Law 2 CFR §200.320(d)

For purchases over \$150,000, the technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is 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; and
- Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

The LEA 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.

If competitive bidding is chosen as the purchasing method, the Superintendent or designee shall prepare bid specifications. All bids shall be in accordance with administrative regulations, and the submission of any electronic bids shall also be in accordance with Board-adopted rules. All bidders shall be invited to attend the bid opening. Any bid may be withdrawn prior to the scheduled time for opening. Bids received after the specified time shall not be considered.

The District may reject any and all bids.

If competitive sealed proposals are chosen as the purchasing method, the Superintendent or designee shall prepare the request for proposals and/or specifications for items to be purchased. All proposals shall be in accordance with administrative regulations, and the submission of any electronic proposals shall also be in accordance with Board-adopted rules. Proposals received after the specified time shall not be considered. Proposals shall be opened at the time specified,

and all proposers shall be invited to attend the proposal opening. Proposals may be withdrawn prior to the scheduled time of opening. Changes in the content of a proposal, and in prices, may be negotiated after proposals are opened.

The District may reject any and all proposals.

Technical evaluations of proposals 2 CFR §200.320(d)(3)

The LEA must have a written method for conducting technical evaluations of the proposals received under competitive proposals and for selecting recipients.

Cost/price analysis for purchases of goods or services in excess of \$150,000 are performed by the Superintendent designee (department head) and reviewed by the Business Office CFO prior to contract negotiations and presentation for Board approval.

State Law TEC 44.0351 for ISDs and any charter schools that adopt Chapter 44:

- Except to the extent prohibited by other law and to the extent consistent with this subchapter, a school district may use competitive bidding to select a vendor as authorized by Section 44.031(a)(1).
- Except as provided by this subsection, Subchapter B, Chapter 271, Local Government Code, does not apply to a competitive bidding process under this subchapter. Sections 271.026, 271.027(a), and 271.0275, Local Government Code, apply to a competitive bidding process under this subchapter:
 - Sec 271.026 Opening of Bids. Bids may be opened only by the governing body of the governmental body of the governmental entity at a public meeting or by an officer or employee of the governmental entity at or in an office of the governmental entity. A bid that has been opened may not be changed for the purpose of correcting an error in the bid price. This subchapter does not change the common law right of a bidder to withdraw a bid due to a material mistake in the bid.
 - Sec 271.027(a) Award of Contract. The governmental entity is entitled to reject any and all bids.
 - Sec 271.0275 Safety Record of Bidder Considered. In determining who is a responsible bidder, the governmental entity may take into account the safety record of the bidder, of the firm, corporation, partnership, or institution represented by the bidder, or of anyone acting for such a firm, corporation, partnership, or institution if:
 - The governing body of the governmental entity has adopted a written definition and criteria for accurately determining the safety record of a bidder;

- The governing body has given notice to prospective bidders in the bid specifications that the safety record of a bidder may be considered in determining the responsibility of the bidder; and
 - The determinations are not arbitrary and capricious.
- A school district shall award a competitively bid contract at the bid amount to the bidder offering the best value for the district. In determining the best value for the district, the district is not restricted to considering price alone but may consider any other factors stated in the selection criteria. The selection criteria may include the factors listed in Section 44.031(b).
 - Purchase price;
 - Reputation of the vendor and of the vendor's goods or services;
 - Quality of the vendor's goods or services;
 - Extent to which the goods or services meet the district's needs;
 - Vendor's past relationship with the district;
 - Impact on the ability of the district to comply with laws and rules relating to historically underutilized businesses;
 - Total long-term cost to the district to acquire the vendor's goods or services;

Noncompetitive Proposals (Sole Sourcing) 2 CFR §200.320(f)

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- The item is available only from a single source;
- The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- The federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the LEA; or
- After solicitation of a number of sources, competition is determined inadequate.

Sole Sourcing should be clearly indicated on the Purchasing Requisition and approved by the CFO prior to creation of a Purchase Order. A cost or price analysis will be performed for noncompetitive proposals when the price exceeds \$150,000. Please see page 78 for procedures on cost/price analysis.

The CFO and Business Office will ensure adequate documentation is maintained that shows how the decision to use this method of procurement was reached, including the uniqueness of the services or goods sought, the scarcity of providers, and the specific expertise and experience of the vendor selected.

An online search for providers or a letter from the vendor stating they are the only source available is not sufficient. A claim of sole source may qualify for noncompetitive proposal if the material is

copyrighted or an upgrade to an item previously purchased from the provider is being purchased. However, the best practice is to first use the competitive proposal process and only when the results are inadequate to then proceed to noncompetitive proposal.

Contract Cost/Price Analysis 2 CFR §200.323

The LEA performs a cost or price analysis in connection with every procurement action in excess of \$150,000 (Simplified Acquisition Threshold), including contract modifications. 2 CFR §200.323(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.

The method and degree of analysis is dependent on the facts surrounding the particular procurement situation; however, the Business Office must come to an independent estimate *prior* to receiving bids or proposals. 2 CFR §200.323(a).

When performing a cost analysis, the Business Office negotiates profit as a separate element of the price. To establish a fair and reasonable profit, consideration is given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work. 2 CFR §200.323(b).

State Purchasing Laws According to Texas Education Code 44.031 (applicable to ISDs and any charter schools that adopt Chapter 44)

The Texas Education Code (TEC) 44.031 addresses the requirement to competitively bid all LEA contracts for the purchase of goods and services valued at \$50,000 or more in the aggregate for each 12-month period, by the method that provides the best value for the LEA, according to the methods outlined in TEC 44.031:

- a) competitive bidding;
- b) competitive sealed proposals;
- c) a request for proposals, for services other than construction services;
- d) an interlocal contract;
- e) a design/build contract;
- f) a contract to construct, rehabilitate, alter, or repair facilities that involves using a construction manager;
- g) a job order contract for the minor construction, repair, rehabilitation, or alteration of a facility;
- h) the reverse auction procedure as defined by Section 2155.062(d), Government Code; or
- i) the formation of a political subdivision corporation under Section 304.011, Local Government Code.

School Buses (TEC 44.031(l)):

Each contract proposed to be made by an LEA for the purchase or lease of one or more school buses, including a lease with an option to purchase, must be submitted to competitive bidding when the contract is valued at \$20,000 or more.

Since non-compliance of the requirements of TEC 44.031 may result in criminal penalties, these requirements will be strictly enforced.

Contract with Person Indebted to LEA (TEC 44.044):

The LEA's Board of Trustees by resolution may establish regulations permitting the LEA to refuse to enter into a contract or other transaction with a person indebted to the LEA. If such regulation is adopted, it is not a violation for the LEA to refuse to award a contract or enter into a transaction with an apparent low bidder or successful proposer that is indebted to the LEA.

Exceptions to the competitive bid requirement include:

- a) Contracts for the purchase of produce or vehicle fuel (TEC 44.031(a));
- b) Contracts for professional services rendered by a certified public accountant; an architect; a landscape architect; a land surveyor; a physician, including a surgeon; an optometrist; a professional engineer; a state certified or state licensed real estate appraiser; or a registered nurse. Rather than be selected on the basis of competitive bids, the selection and award should be made on the basis of demonstrated competence and qualifications to perform the service and for a fair and reasonable price. (TEC 44.031(f); Government Code 2254.002(2)(B); 2254.003);
- c) Emergency replacement or repair of school equipment, school facility, or portion of school facility that has been destroyed, severely damaged or experiences a major unforeseen operational or structural failure, as outlined in TEC 44.031(h) and approved by the Board of Trustees;
- d) Computers and computer-related equipment, including computer software acquired through the Department of Information Resources under contracts entered into in accordance with Government Code 2054 or 2157 (TEC 44.031(i));
- e) Sole Source Goods for items for which competition is precluded because of 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. (TEC 44.031(j)). This Sole Source exception does not apply to mainframe data-processing equipment and peripheral attachments with a single-item price in excess of \$15,000 (TEC 44.031(k)).

Public Notice (TEC 44.031(g)):

Notice of the time by when and place where the bids or proposals, or the responses to a request for qualifications, will be received and opened shall be published in the county in which the LEA's central administrative office is located, once a week for at least two weeks before the deadline for receiving bids, proposals, or responses to a request for qualifications. If there is not a newspaper in that county, the advertising shall be published in a newspaper in the county nearest the county seat of the county in which the LEA's central administrative office is located. In a two-step procurement process, the time and place where the second-step bids, proposals, or responses will be received are not required to be published separately.

Award Determinations (TEC 44.031(b)):

The following will be considered when determining to whom to award a contract:

- a) The purchase price;
- b) The reputation of the vendor and of the vendor's goods or services;
- c) The quality of the vendor's goods or services;
- d) The extent to which the goods or services meet the LEA's needs;
- e) The vendor's past relationship with the LEA;
- f) The impact on the ability of the LEA to comply with laws and rules relating to historically underutilized businesses;
- g) The total long-term cost to the LEA to acquire the vendor's goods or services; and
- h) Any other relevant factor specifically listed in the request for bids or proposals.

Electronic Bids or Proposals (TEC 44.0313):

- a) Bids or proposals may be received through electronic transmission if the LEA's Board of Trustees adopts rules to ensure the identification, security, and confidentiality of electronic bids or proposals and to ensure that the electronic bids or proposals remain effectively unopened until the proper time.
- b) An electronic bid or proposal is not required to be sealed.
- c) The Corsicana ISD's Board of Trustees does allow receipt of electronic bids or proposals. Bids or proposals that the District has chosen to accept through electronic transmission shall be administered in accordance with Board-adopted rules. Such rules shall safeguard the integrity of the competitive procurement process; ensure the identification, security, and confidentiality of electronic bids or proposals; and ensure that the electronic bids or proposals remain effectively unopened until the proper time.

Contracted Related and Management Fees Under Certain Cooperative Purchasing Contracts (TEC 44.0331):

- a) If the LEA enters into a purchasing contract valued at \$25,000 or more under TEC 44.031(a)(5), under Subchapter F, Chapter 271, Local Government Code, or under any other cooperative purchasing program authorized for LEAs by law, will document any contract-related fee, including any management fee, and the purpose of each fee under the contract.
- b) The amount, purpose, and disposition of any fee described above will be presented in a written report and submitted annually in an open meeting of the Board of Trustees of the LEA. The written report will appear as an agenda item.

Criminal History of Contractor (TEC 44.034):

The Corsicana ISD may terminate a contract with a person or business entity if the LEA determines that the person or business entity failed to give advance notice to the LEA that the person or an owner or operator of the business entity has been convicted of a felony, according to TEC 44.034(a), or misrepresented the conduct resulting in the conviction. If the LEA terminates the contract for such reason, the LEA will compensate the person or business entity for services performed before the termination of the contract.

Construction Services, Design-Build Contracts for Facilities, Construction Manager-Agent, Construction Manager-At-Risk:

The LEA will comply with the requirements found in TEC 44.035, 44.036, 44.037, 44.038, 44.039, 44.040, and 44.041 for specific information related to construction contracts.

Purchase or Lease of Automated External Defibrillator (TEC 44.047):

If the LEA purchases or leases an automated external defibrillator, as defined by Section 779.001, Health and Safety Code, the LEA will ensure that the automated external defibrillator meets standards established by the Federal Food and Drug Administration. The [position title or department] is responsible for ensuring compliance.

Enforcement of Purchase Procedures According to Texas Education Code 44.032 (applicable to ISDs and any charter schools that adopt Chapter 44)

According to TEC 44.032, an officer, employee, or agent of an LEA commits an offense if the person, with criminal negligence, makes or authorizes separate, sequential, or component purchases to avoid the requirements of TEC 44.031(a) or (b). An offense under TEC 44.032(b) is a Class B misdemeanor and is an offense involving moral turpitude.

An officer, employee, or agent of an LEA commits an offense if the person, with criminal negligence, violates TEC 44.031(a) or (b) other than by conduct described in TEC 44.032(b). An offense under TEC 44.032(c) is a Class B misdemeanor and is an offense involving moral turpitude.

An officer or employee of an LEA commits an offense if the officer or employee knowingly violates TEC 44.031, other than by conduct described in TEC 44.032(b) and (c). An offense under TEC 44.032(d) is a Class C misdemeanor.

The final conviction of a person other than a trustee of an LEA for an offense under TEC 44.032(b) or (c) results in the immediate removal from office or employment of that person. Additional information concerning a trustee who is convicted of an offense under TEC 44.032(b) or (c) may be found at TEC 44.032(e).

B. Purchase Cards

The LEA uses purchase cards for purchasing food, supplies, and travel. Purchasing through the use of purchase cards is permissible when requested through the LEA's established purchasing process.

Only users authorized by the CFO and Superintendent are authorized to use purchase cards in accordance with the purchasing process.

All purchase card purchases must be pre-approved on a purchase order. Written justification for the business-related reason for using this form of payment is required. Exceptions to pre-approval for use of this form of payment is obtained from the CFO, Deputy Superintendent, or Superintendent.

If using purchase cards for purchases using federal funds, the purchase request must be approved through the Deputy Superintendent and must include justification. The cost item must be determined to be an allowable use of grant funds. The [position title or department] will grant final approval, after determining the cost item is an allowable use of grant funds, for use of the LEA's purchase card by authorizing the purchase order.

Purchase cards will not be checked out without a purchase order. For approved purchases, the purchase order should reference the LEA's corporate account number and tax identification number. In most instances, the employee will present the approved purchase order to the vendor and be allowed to purchase up to the amount of the purchase order. For approved online purchases, the purchaser will obtain the LEA's corporate account information from the Business Office.

All credit receipts must be submitted to the Business Office within five (5) business days of bill receipt to ensure prompt payment to the vendor. Original, itemized third-party receipts are

required. The Business Office will match the receipt to the purchase order and will reconcile to the monthly statement.

The CFO is responsible for verifying and approving the purchases and amounts charged to the corporate account.

Purchase Card Rebates or Discounts

If the purchase card provides rebates or discounts back to the LEA, each federal award for which the card was used must receive a proportional credit. The CFO ensures the proportional credit is allocated to the appropriate federal programs and documentation that is maintained.

Gift Cards and Debit Cards

The LEA does not authorize the use of gift cards or debit cards for purchases with State or local funds. Gift cards or debit cards are not authorized for purchases with Federal grant funds because they do not provide adequate accountability for ensuring allowable use of funds.

C. Full and Open Competition

All procurement transactions must be conducted in a manner providing full and open competition consistent with 2 C.F.R §200.319. 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 must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are 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.

EDGAR further requires the following to ensure adequate competition.

Geographical Preferences Prohibited

The LEA must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or

encourage geographic preference. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

Texas Education Code (TEC) 44.042 requires the following geographical preferences:

- LEAs that purchase agricultural products shall give preference to those produced, processed, or grown in Texas if the cost to the LEA is equal and the quality is equal. TEC 44.042(a).
- If agricultural products produced, processed, or grown in Texas are not equal in cost and quality to other products, the LEA shall give preference to agricultural products produced, processed, or grown in other states of the United States over foreign products if the cost to the LEA is equal and the quality is equal. TEC 44.042(b).
- An LEA that purchases vegetation for landscaping purposes, including plants, shall give preference to Texas vegetation if the cost to the LEA is equal and the quality is not inferior. TEC 44.042(c)
- An LEA may not adopt product purchasing specifications that unnecessarily exclude agricultural products produced, processed, or grown in Texas. TEC 44.042(f)
- For the purposes of TEC 44.042:
 - “Agricultural products” includes textiles and other similar products.
 - “Processed” means canning, freezing, drying, juicing, preserving, or any other act that changes the form of a good from its natural state to another form. TEC 44.042(g)

TEC 44 is applicable to ISDs and any charter schools that adopt Chapter 44.

Prequalified Lists

The LEA must ensure 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. Also, the LEA must not preclude potential bidders from qualifying during the solicitation period.

The CFO is responsible for ensuring the standards and elements described above are met.

Solicitation Language

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

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

The CFO is responsible for ensuring the standards and elements described above are met.

D. Federal Procurement System Standards

Avoiding Acquisition of Unnecessary or Duplicative Items 2 CFR §200.318(d)

The LEA must avoid the acquisition of unnecessary or duplicative items. Additionally, consideration is given to consolidating or breaking out procurements to obtain a more economical purchase. And, where appropriate, an analysis must be made of leases versus purchase alternatives, and other appropriate analyses to determine the most economical approach.

These considerations are given as part of the process to determine the allowability of each purchase made with federal funds.

Please see page 20 for procedures on determining allowability.

Use of Intergovernmental Agreements 2 CFR §200.318(e)

To foster greater economy and efficiency, the LEA enters into state and local intergovernmental agreements where appropriate for procurement or use of common or shared goods and services.

Use of Federal Excess and Surplus Property 2 CFR §200.318(f)

The LEA 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.

Debarment and Suspension 2 CFR §200.212

The LEA awards contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

The LEA may not subcontract with or award subgrants to any person or company who is debarred or suspended. The Business Office is required to check for excluded parties at the System for Award Management website before any procurement transaction. This list is located at: <http://www.sam.gov/>.

Maintenance of Procurement Records 2 CFR §200.318(h)(i)

The LEA must maintain records sufficient to detail the history of all procurements. 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, the basis for the contract price (including a cost or price analysis), and verification that the contractor is not suspended or debarred.

Please see page 105 for more information on the LEA's record policies.

Time and Materials Contracts 2 CFR §200.318(h)(i)(1-2)

The LEA may use a time and materials type contract only (1) after a determination that no other contract is suitable; and (2) if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and materials type contract means a contract whose cost to the LEA is the sum of: the actual costs of materials, and direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the LEA must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

Settlements of Issues Arising Out of Procurements 2 CFR §200.318(k)

The LEA 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. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the LEA of any contractual responsibilities under its contracts. Violations of law will be referred to the local, state, or federal authority having proper jurisdiction.

Protest Procedures to Resolve Dispute

The LEA maintains protest procedures to handle and resolve disputes relating to procurements and, in all instances, discloses information regarding the protest to the awarding agency.

Notification of dispute resolution procedures and options are included with all bid notices, RFQs, and RFPs issued by the LEA and is subject to variances on individual contractual basis. Potential protestors should, where possible, attempt to resolve any issues concerning potential protests with the department head that initiated the procurement. If would like to file a formal protest (process subject to details of contract if applicable), a protest shall be in writing, and set forth a detailed statement of factual grounds of the protest and delivered to the department head and CFO. The

protest will be reviewed by the CFO, Superintendent and/or the proper level of authority within the School District as warranted on the magnitude of the protest (process subject to details of contract if applicable) If a formal review is issued, the complainant will be provided to the complainant,(process subject to details of contract if applicable).

E. Conflict of Interest Requirements

Employees should not use their position with the LEA to attempt to sell products or services.

Employees shall not recommend, endorse, or require students to purchase any product, material or service in which the employee has a financial interest or that is sold by a company that employs or retains the LEA employee during non-school hours.

Standards of Conduct (Conflicts of Interest) 2 CFR §200.318(c)(1)

In accordance with 2 CFR §200.318(c)(1), the LEA maintains the following standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts.

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. The LEA defines “immediate family” as:

1. Spouse.
2. Son or daughter, including a biological, adopted, or foster child, a son- or daughter-in-law, a stepchild, a legal ward, or a child for whom the employee stands in loco parentis.
3. Parent, stepparent, parent-in-law, or other individual who stands in loco parentis to the employee.
4. Sibling, stepsibling, and sibling-in-law.
5. Grandparent and grandchild.
6. Any person residing in the employee’s household at the time of illness or death.

The officers, employees, and agents of the LEA may neither solicit nor accept gifts, gratuities, favors, services, benefits, or anything of monetary value from contractors or parties to subcontracts that could reasonably be construed to influence the person’s discharge of assigned duties and responsibilities, unless the gift is an unsolicited item of nominal value. Officers, employees, and agents of the LEA may accept gifts that are of nominal value given for the purpose of advertising,

ceremonial occasions or official events. As used in this policy, nominal value is defined as \$50 or less.

Mandatory Disclosure to the LEA

The employee shall disclose in writing to his or her immediate supervisor a personal financial interest, a business interest, or any other obligation or relationship that in any way creates a real or potential conflict of interest with the proper discharge of assigned duties and responsibilities or that creates a potential conflict of interest with the best interest of the LEA. In the case that the individual receiving the report is also involved in the potential conflict, the disclosure should be submitted to CFO.

The officer or agent of the LEA shall disclose in writing to the CFO a personal financial interest, a business interest, or any other obligation or relationship that in any way creates a real or potential conflict of interest with the proper discharge of assigned duties and responsibilities or that creates a potential conflict of interest with the best interest of the LEA. In the case that the individual receiving the report is also involved in the potential conflict, the disclosure should be submitted to Superintendent.

Removal from the Procurement Transaction

If there is a procurement conflict, a conflict of interest disclosure form is required to be completed. This form is maintained with the Superintendent's office. This involves the Board of Trustee, Superintendent, and business services. This disclosure is in the Board Policies posted on the District website. New Board member training occurs to aid in disclosure of this information.

The LEA must disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through entity (TEA) in accordance with applicable federal awarding agency policy. The LEA's Conflict of Interest policy will align with the USDE's conflict of interest policy once it has been released. 2 CFR §200.112

Organizational Conflicts 2 CFR §200.318(c)(2)

If the LEA has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe, the LEA must include written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization. 2 C.F.R §200.318(c)(2).

As of June 16, 2015, the LEA has no organizational conflicts.

Disciplinary Actions

Penalties, sanctions, or other disciplinary actions for violations of standards of conduct will be in accordance and to the extent permitted under state and local law.

Each employee shall comply with the standards of conduct set out in CISD Policy (<http://pol.tasb.org/Policy/Code/931?filter=DH>) and with any other policies, regulations, and guidelines that impose duties, requirements, or standards attendant to his or her status as a District employee. Violation of any policies, regulations, or guidelines may result in disciplinary action, including termination of employment.

Mandatory Disclosure 2 CFR §200.113

The LEA must, in a timely manner, in writing to the federal awarding agency or pass-through entity (TEA), all violations of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the federal award.

Upon discovery of any potential conflict of interest and all violations of federal criminal law involving fraud, bribery, or gratuity violations, the LEA will disclose in writing the potential conflict or violation of federal criminal law to the federal awarding agency in accordance with applicable federal awarding agency policy. The LEA will follow the USDE's policy once it has been released.

F. Contract Administration

The LEA maintains the following oversights to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

All contracts and service agreements, etc. must be signed by the Superintendent or designee. Only the Superintendent or designee is authorized to sign a contract or agreement on behalf of the LEA. Contracts that exceed \$25,000 shall be approved by the Superintendent and the School Board.

The Superintendent has designated the CFO and Deputy Superintendent as having signature authority for the LEA. An employee who signs a contract or agreement without proper authorization will be personally liable for the terms of the contract or agreement and the act may be grounds for termination of employment.

The Business Office maintains a copy of the signed contract, agreement, or purchase order for services performed and the rationale or procedure for selecting a particular vendor.

Contracts or agreements in excess of \$10,000 describe conditions under which the contract may be terminated for cause or for convenience by the LEA, including the manner by which it will be effected and the basis for settlement. Appendix II to 2 CFR Part 200.

Contracts for more than the simplified acquisition threshold must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate. Appendix II to 2 CFR Part 200.

If the contract is to develop materials, concepts, or products, the agreement or contract contains provisions that protect and retain ownership of such materials, concepts, or products by TEA, the State of Texas, and the federal government, as applicable (including copyright, patent, trademark).

The Business Office maintains evidence that awards were made only to contractors or consultants possessing the ability to perform successfully under the terms and conditions of the proposed contract or procurement.

The Business Office maintains evidence that consultants were selected based on demonstrated competence, qualifications, experience, and reasonableness of costs and that consideration was given to contractor integrity, compliance with public policy, past performance, and financial and technical resources.

No contracts are entered into with employees of the LEA.

The Business Office maintains evidence that an employee did not participate in selection or award of a contract if a conflict of interest was involved.

Rental of Facilities: The Executive Director of Extracurricular Programs, the CFO, and the Business Office will coordinate the rental of LEA facilities. A Rental Agreement is required for all rentals of facilities by outside organizations. All contracts will include security deposits (unless waived), charges for facility usage, custodial services, and other related charges, if applicable. The CFO is authorized to waive security deposits.

Procedures for submitting a Consultant Service Contract:

- a) Submit the Consultant Service Contract to the CFO for review.
- b) Obtain the following documents from the consultant and submit with the purchase order to the Business Office: A completed W-9 Form; A Felony Conviction Form; A Criminal Check Authorization and Fingerprinting Form, if the consultant will work directly with students; A Conflict of Interest Questionnaire; Documentation of insurance, such as general liability, workers compensation, and auto liability, if applicable.
- c) Follow the procedures for Suspension and Debarment Verification for transactions supported with Federal funds outlined in this manual, as applicable.

The CFO will ensure that contractors, consultants, service providers, and vendors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

Prior to disbursement of funds to a contractor, consultant, service provider, or vendor, documentation must be provided to the LEA to support the goods or services rendered.

Documentation includes, but is not limited to: Description of the goods or services rendered; Dates; Rate; Total Hours, if applicable; Number of students served or names of students served, if applicable.

When procuring contracted services with Federal funds, the LEA will ensure that every purchase order or contract includes language to ensure services align with allowable use of grant funds, if applicable.

Accountability:

The LEA ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

- a. The LEA obtains written contracts or purchase orders.
- b. Contracts for services include a description of the services to be performed, the date(s) the services will be performed, the location(s) of where the services will be performed, the number or type of beneficiaries to be served, if applicable, and when payment(s) will be made, specifying verification before payment. The terms of the contract will include language that assures the activities performed by the contractor are allowable activities according to the Federal program, if applicable.
- c. Purchase orders for goods include a description of the goods to be delivered, the date(s) the goods will be delivered, the location(s) of where the goods will be delivered, and when payment(s) will be made, specifying verification before payment.
- d. Invoices match the contracts or purchase orders, including a description of services performed by the contractor or goods delivered by the vendor, the date(s) services were performed or goods delivered, the location(s) where the services were performed or goods were delivered, and if applicable, the number of beneficiaries served and identifying information of the beneficiaries who were served.
- e. The requesting manager verifies that the services were performed or the goods were received before issuing payment. The Business Office verifies that the contractor or vendor met all of its responsibilities under the contract or purchase order before approving payment. Invoices that merely state “for services rendered” will not be approved for payment. Invoices for services provided to students must indicate which student(s) was served and under which program.

The Business Office maintains records on services performed – date of service, purpose of service – ensuring that services were consistent and satisfactory as described in the signed contract or purchase order.

The Business Office maintains evidence that payment was made only after the service was performed or goods received, and not before. Advance payment to contractors is prohibited.

Recommended language for contracts with federal funds:

The Texas Education Agency (TEA) requires all professional services contracts be effective only during the period of availability of funds identified in the Notice of Grant Award (NOGA).

TEA provides the following guidance for best practices on how the LEA may negotiate contracts prior to the effective date of the contract. The LEA chooses to implement the recommendations listed below:

Option 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.

Option 2: 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.

III. 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 LEA for financial statement purposes, or \$5,000. 2 CFR §200.33.

The LEA's established capitalization threshold is \$5,000.

Supplies means all tangible personal property other than those described in §200.33 Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the LEA for financial statement purposes or \$5,000, regardless of the length of its useful life. 2 CFR §200.94. The LEA's established capitalization threshold is notated above in the Equipment definition.

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 §200.20.

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

- Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and
- Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance). 2 CFR §200.12.

B. Inventory Procedure

All shipments are received at the LEA Warehouse at 2200 W. 4th Avenue, Corsicana, TX 75110. The Warehouse employees inspect the outside of the shipment containers to ensure they are received in good condition. The Warehouse logs the number and origin of the package(s). Items valued over \$5,000 are tagged by the Business Office and tracked in an Excel spreadsheet with location, date of purchase, and serial numbers. This list is reviewed annually in September.

The Warehouse delivers the package(s) to the appropriate location within the LEA. At the receiving location, the package is signed for and the log kept in the Warehouse. The receiving

location is responsible for matching the contents of the package(s) to the Purchase Order and notifying the Business Office the order is complete and ready for payment.

Computing devices, such as laptops, desktops, smartphones, and tablets are tagged by the Technology Department Administrative Assistant. Tag numbers and equipment locations are kept in an Excel spreadsheet (Technology Inventory). The Technology Department is responsible for the configuration and initial installation of technology equipment and computing devices. The Coordinator of Student Services is responsible for the inventory and initial configuration of school cellular devices.

C. Inventory Records

For each equipment and computing device purchased with federal funds, the following information is maintained according to the procedures above:

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

After certification by the Director of Campus Technology, Director of Network Infrastructure, or Deputy Superintendent, technology and computing devices which are sold, lost or stolen, or cannot be repaired are removed from the Technology Inventory by the Technology Administrative Assistant. After review by the Business Office, items that are determined to be completely depreciated, sold, unusable, or disposed, are removed from the list and determined gain/lose value of item. These items are reviewed by external Auditors on an annual basis.

D. Physical Inventory

A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

Technology and computing devices are inventoried once every two years. The Director of Campus Technology coordinates the physical inventory during the summer break. Adjustments between

the physical inventory and the property records are reported to the Deputy Superintendent and entered into the Technology Inventory by the Technology Administrative Assistant.

Inventory is performed by the Business office on all new items purchased above the \$5,000 threshold. Annually inventory list is audited by business office and proper adjustment made as needed. This is reviewed and reconciled with external Auditors.

Fixed (capital) Assets

Fixed (capital) assets are tracked and recorded on the LEA's inventory system by the Business Office and the financial general ledger by the Business Office. A physical inventory is performed annually by the Business Office and the results are reconciled with inventory records. All missing items are investigated by the CFO. Fixed (capital) assets that are stolen, obsolete, damaged beyond repair, etc. are reported to the Business Office for removal from the LEA's financial records.

Please see page 95 for procedures for lost or stolen items.

E. Maintenance

In accordance with 2 CFR 200.313(d)(4), the LEA maintains adequate maintenance procedures to ensure that property is kept in good condition. Acceptable Use Policies and maintenance procedures are reviewed annually. Equipment or devices which are broken should be entered into the Maintenance Work Order System (Eduphoria) at <http://www.cisd.org/Page/47>.

F. Lost or Stolen Items

The LEA maintains a control system that ensures adequate safeguards are in place to prevent loss, damage, or theft of the property.

A police report must be filed with the Corsicana ISD Police Department (Law Enforcement) on any stolen item costing \$500 or more or a fixed (capital) asset item before the LEA will replace it. Stolen items that cost less than \$500 will be the responsibility of the campus or department.

A copy of the CISD Police Report must be sent to the appropriate department (Business Office or Technology Department) within five (5) business days of the incident. The assigned individual within each department removes the item from the inventory list, if applicable.

Only the original amount OR the replacement cost for a similar item, whichever is less, will be provided by the LEA. Should the campus wish to "upgrade" the item being replaced, the campus or department will be responsible for providing the additional funds to purchase the "upgrade."

The CISD Chief of Police should determine preventive measures to take to avoid further incidents of lost or stolen items.

G. Use of Equipment 2 CFR §200.313

Equipment must be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the federal award, and the LEA will not encumber the property without prior approval of the federal awarding agency and the pass-through entity. When no longer needed for the original program or project, the equipment may be used in other activities supported by the federal awarding agency, in the following order of priority: (1) activities under a federal award from the federal awarding agency which funded the original program or project; then (2) activities under federal awards from other federal awarding agencies. 2 CFR §200.313(c)(1)

Transfer of Equipment

All disposition of equipment and surplus supplies, including transfer of equipment, require approval by TEA, regardless of the dollar amount of the current fair market value. The LEA will use the required TEA disposition form, available on the TEA website, to seek disposition approval prior to the actual transfer of the equipment.

Notice of equipment available for transfer is disseminated by email to principals. For technology related products, the Transfer of Equipment form must be completed by the campus personnel and signed by the Director of Campus Technology for any equipment or fixed asset being transferred. For other equipment, a Work Order form must be completed by the campus personnel and signed by the Executive Director of Operations for any equipment or fixed asset being transferred. In either case, the form with both signatures is forwarded to the appropriate department for proper recording of the changes and updates to inventory records.

Current Use of Equipment Shared with other Projects or Programs 2 CFR §200.313(c)(2-3)

During the time equipment is used on the project or program for which it was acquired, the equipment will also be made available for use on other projects or programs currently or previously supported by the federal government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. This determination is made by the Assistant Superintendent for Learner Supports. First preference for other use must be given to other programs or projects supported by the federal awarding agency that financed the equipment. Second preference is given to programs or projects under federal awards from other federal awarding agencies. Use for non-federally funded programs or projects is also permissible.

User fees should be considered if appropriate. However, the LEA must not use equipment acquired with the federal award to provide services for a fee that is less than private companies charge for equivalent services unless specifically authorized by federal statute for as long as the federal government retains an interest in the equipment. Determination of any shared use fees, performing a cost analysis to determine the amount private companies charge for equivalent services, and determining if a federal program would allow a user fee that is less than private companies would

charge is done by the CFO. The Business Office will track the revenue and ensure it is credited to the proper grant program using special revenue codes.

H. Disposal of Equipment 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 Business Office will contact the awarding agency (or pass-through for a state-administered grant) for disposition instructions.

All disposition of equipment and surplus supplies require approval by TEA, regardless of the dollar amount of the current fair market value. The LEA will use the required TEA disposition form, available on the TEA website, to seek disposition approval prior to the actual disposition of the equipment/supplies. Reasons for removal may include that the equipment is no longer operable, was destroyed, was stolen, or is no longer needed.

The Business Office is responsible for requesting and submitting the disposition request form to TEA.

Generally, disposition of equipment is dependent on its fair market value (FMV) at the time of disposition. If the item has a current FMV of \$5,000 or less, it may be retained, sold, or otherwise disposed of with no further obligation to the federal awarding agency, after receiving approval by TEA. If the item has a current FMV of more than \$5,000, the federal awarding agency is entitled to the federal share of the current market value or sales proceeds.

If acquiring replacement equipment, the LEA 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.

If the LEA chooses to sell the equipment, the Business Office is responsible for the process. Approved equipment may be sold or traded under one of the following conditions:

- By competitive bidding through the Business Office. An acceptable number of offers, as determined by the Superintendent or designee, must be received.
- By negotiated bid for items valued under a threshold amount set by the Superintendent or designee and as approved by the Superintendent or designee.
- By a public auction or a predetermined price set by the Superintendent or designee.

If the federal awarding agency is entitled to the federal share of the current market value or sales proceeds, the Business Office is responsible for the accounting and submittal of the funds. Every effort should be made to determine if a need for the equipment exists anywhere in the LEA before a sale or trade is allowed. The Superintendent or designee is responsible for determining the appropriate method of disposition in accordance with CISD Policy CI(LOCAL).

Equipment considered as surplus and/or unfit for further economical usage (including scrap material) may be transferred to the Warehouse for temporary storage or for ultimate disposition.

Sale of Surplus Property

Surplus Sales may be advertised in the local newspaper. Sealed bids will be solicited and the items sold to the highest bidder per item. The LEA may also use an online auction service for surplus property sales.

The CFO is responsible for the administration of surplus sales.

Neither LEA supplies, nor equipment, shall be sold or conveyed other than via a Surplus Sale, unless authorized by the Superintendent or designee.

I. Control of Property, Equipment, Supplies Placed in a Private School for Equitable Services

Property, equipment and supplies placed at a private school to fulfill the ESEA and IDEA-B requirements to provide equitable services to parentally-placed private school children remain the property of the LEA. The district will control and administer the funds used to provide equitable services and will hold title to and administer materials, equipment, and property purchased from Federal funds for the provision of equitable services.

The district will ensure the property, equipment and supplies placed in the private school:

- a) Are used only for the purposes of the provision of equitable services,
- b) Are placed in the private school only for the period of time needed to provide equitable services,
- c) Are removed when no longer needed for the provision of equitable services,
- d) Are removed when needed to avoid unauthorized used,
- e) Are removable without remodeling the facility.

Inventory tags with the name of the school district are utilized are utilized to ensure proper identification of the district's property being placed temporarily in the private school.

The Assistant Superintendent for Learner Supports is responsible for ensuring the proper administration of property, equipment, and supplies placed in a private school for the provision of equitable services.

IV. Written Compensation Policies

A. Time and Effort 2 CFR §200.430(i)

Time and Effort Standards

All employees who are paid in full or in part with federal funds, except ESSER, must keep specific documents to demonstrate the amount of time they spent on grant activities. This includes an employee whose salary is paid with state or local funds but is used to meet a required “match” in a federal program. These documents, known as time and effort records, are maintained in order to charge the costs of personnel compensation to federal grants. ESSER funding authorizes the LEA to use funds on "activities that are necessary to maintain the operation of and continuity of services in [an LEA] and continuing to employ existing staff of the LEA."

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

- Be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into official records;
- Reasonably reflect total activity for which the employee is compensated, not exceeding 100% of compensated activities;
- Encompass both federally assisted and all other activities compensated by the LEA on an integrated basis;
- Comply with the established accounting policies and practices of the LEA and
- Support the distribution of the employee’s salary or wages among specific activities or costs objectives.

Time and Effort Procedures

All personnel paid with Federal funds are subject to Time Distribution Reporting to ensure that Federal program funds are used to pay only their proportionate share of personnel costs. The reporting must demonstrate that an employee paid with Federal funds actually worked on that specific Federal program or cost objective.

The type of time distribution report required is dependent on whether the employee works on a single cost objective or multiple cost objectives and whether the LEA elects to use the Substitute System of Time and Effort Reporting authorized by TEA.

A cost objective is a function, organizational subdivision, contract, grant, or other activity for which cost data are needed and for which costs are incurred. For example, a single cost objective can be a single function or a single grant or a single activity.

Salaries and wages of employees used in meeting cost sharing or matching requirements of Federal awards are also subject to the Time Distribution Reporting requirement.

Contractors are not subject to the Time Distribution Reporting requirement.

Single Cost Objective (Periodic/Semi-Annual Certification)

Applies to employees who work solely (100% of their time) on a single Federal award/grant program or cost objective.

Charges for their salaries and wages must be supported by Periodic (Semi-Annual) Certifications that certify the employee worked solely on that program/single cost objective for the period covered by the certification.

The Periodic (Semi-Annual) Certification must be prepared at least semi-annually and signed after-the-fact.

The Periodic (Semi-Annual) Certification must be signed by the employee or by the supervisor having first-hand knowledge of the work performed by the employee.

The Periodic (Semi-Annual) Certifications are submitted for the time periods of January through June and July through December.

The Periodic (Semi-Annual) Certifications are submitted to the Coordinator of Student Services.

The Periodic (Semi-Annual) Certifications are reviewed semi-annually by the Deputy Superintendent for accuracy and compliance with Federal requirements.

Appendix D of this manual provides a sample of the Periodic (Semi-Annual) Certification form.

Multiple Cost Objectives (Time and Effort Personnel Activity Reports – PARs)

Applies to employees who do not work 100% of their time on a single Federal award/grant program or single cost objective but instead work under multiple grant programs or multiple cost objectives.

A distribution of their salaries or wages must be supported by Personnel Activity Reports (PARs).

The PARs must reflect an after-the-fact distribution of the actual activity of the employee and must account for the total activity for which the employee is compensated.

The PARs must be prepared at least monthly and must coincide with one or more pay periods.

The PARs must be completed and signed after-the-fact.

The PARs must be signed by the employee. The supervisor may sign in addition to the employee, but the signature of the supervisor alone is not sufficient for documentation.

The PARs are submitted monthly to the Coordinator of Student Services for review of accuracy and compliance with Federal requirements, who then forwards to the Deputy Superintendent for final approval and the Business Office for cost reconciliation.

Appendix E of this manual provides a sample of the PAR.

Substitute System for Time and Effort Reporting for Employees Supported by Multiple Cost Objectives

The LEA does elect to use the Substitute System for Time and Effort Reporting in lieu of the Personnel Activity Report (PAR) for employees supported by multiple cost objectives.

The Substitute System of Time and Effort Reporting is used in lieu of the Personnel Activity Report (PAR) for eligible employees who are supported by multiple cost objectives, have a predetermined schedule, and do not work on multiple activities or cost objectives at the exact same time on his or her schedule.

If the employee's schedule is not consistent from week to week, but changes regularly, that particular employee is not eligible to use the Substitute System but must submit monthly PARs instead.

If the employee is eligible to use the Substitute System, the employee must complete the TEA-approved Employee Schedule and Certification form on a semi-annual basis, at a minimum.

If the employee's predetermined schedule changes substantively (by more than 10%) during the year, the employee must complete and submit an updated Employee Schedule and Certification form.

The Employee Schedule and Certification form must be completed and signed after-the-fact.

The Employee Certification form must be signed by both the employee and the supervisor having first-hand knowledge of the work performed by the employee.

The Employee Schedule and Certification is submitted for the time periods of January through June and July through December.

The Employee Schedule and Certification form is submitted semi-annually to the Coordinator of Student Services for review of accuracy and compliance with Federal requirements, who then forwards to the Deputy Superintendent for final approval and the Business Office for cost reconciliation.

Charges to the grants must be supported by the Employee Schedule and Certification forms.

The Coordinator of Student Services will submit the required LEA Management Certification form to TEA (that notifies TEA of the LEA's election to use the Substitute System) on an annual basis

by the deadline established by TEA for each school year in which the Substitute System is implemented.

Appendix F of this manual provides a sample of the Employee Schedule and Certification form.

Appendix G of this manual provides a sample of the LEA Management Certification form.

Reconciliation and Closeout Procedures

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

For employees working under multiple cost objectives, budget estimates or other distribution percentages determined before the services are actually performed do not qualify as support for charges to Federal grant awards. However, the budget estimates or distribution percentages may be used for interim accounting purposes, provided that:

- 1) The LEA's system for establishing the estimates produces reasonable approximations of the activity actually performed;
- 2) At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly Time and Effort PARs are made;
- 3) At least semi-annually, comparisons of actual costs to budgeted distributions are made based on the Substitute System's Employee Schedule and Certification forms, if applicable;
- 4) If the cost comparisons show the differences between budgeted and actual costs are less than ten percent, adjustments made to costs charged to Federal awards as a result of the cost reconciliation are recorded annually;
- 5) If the cost comparisons show the differences between budgeted and actual costs are ten percent or more, adjustments made to costs charged to Federal awards as a result of the cost reconciliation are recorded quarterly;
- 6) The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances.

The Business Office is responsible for performing the cost reconciliation and adjustments.

Job Descriptions

An integral component of an adequate financial management system is the development and maintenance of records documenting the duties and responsibilities of personnel and the employee's acknowledgement of their understanding of their duties and responsibilities.

Employee job descriptions are signed and dated by the employee as acknowledgement that the employee has full knowledge of their duties and responsibilities. Job descriptions are also signed and dated by the employee's immediate supervisor.

Employee job descriptions must be current. Employee job descriptions are updated as new assignments are made. The Director of Human Resources will monitor job descriptions to ensure they are kept up-to-date and that the job descriptions accurately and completely describe the work performed by the specific position. Job descriptions for positions that are split-funded are reviewed quarterly, at a minimum, to ensure the job description remains current.

Employee job descriptions for personnel paid from Federal funds must delineate all program or cost objectives under which the employee works. Job descriptions and duties must be specific to the particular grant program and clearly identify the functions and programs they benefit, including the fund source(s) from which the position is compensated. The Director of Human Resources and the Deputy Superintendent will ensure the job description aligns the activities of the position to the program goals of the fund source and ties the source of funds to the activity.

If a position benefits multiple cost objectives or programs, the job description will clearly define each program, function, and/or fund source and clearly identify and distinguish the duties and responsibilities for each respective program, function, and/or fund source

If a position benefits a single cost objective or program, the job description will clearly indicate the employee is assigned 100% to the program. If a position that benefits a single cost objective is funded through multiple sources, a sentence will be added to the job description stating that the position is supported by a single cost objective even though its funding is split among multiple sources.

If a position has administrative duties, the job description will clearly delineate the administrative activities and identify the percentage of administrative activities compared to program activities.

Employee Exits

Any staff member who separates from employment with the LEA will be ineligible to attend any conference, workshop, or convention paid out of any LEA funds, when such attendance occurs after the separation date.

Any staff member who separates from employment with the LEA and attends a conference, workshop, or convention paid out of any LEA funds, when such attendance occurs after the

separation date, will be liable for the costs of the conference, workshop, or convention and will not be reimbursed for such costs by the LEA.

The Assistant Superintendent for Learner Supports is responsible for ensuring compliance with this requirement.

B. Human Resources Policies

The LEA has human resource policies which cover (1) how employees are hired (2 CFR §200.430(a)(2)); (2) the extent to which employees may provide professional services outside the LEA (2 CFR §200.430(c)); (3) the provision of fringe benefits, including leave and insurance, (2 CFR §200.431)); (4) the use of recruiting expenses to attract personnel (2 CFR §200.463(b)); and (5) reimbursement for relocations costs. 2 CFR §200.464.

These policies and procedures can be found online at <http://pol.tasb.org/Home/Index/931> and <http://www.cisd.org/domain/33>.

Position Control

The LEA utilizes internal accounting records for each employee position:

- a) Request to Post Position: Responsibility of Campus Principal or Department Manager
- b) Advertisement of Position after Approval of Superintendent or Designee: Responsibility of Director of Human Resources
- c) Personnel Recommendation: Responsibility of Human Resources Department
- d) Employee Job Description: Responsibility of Human Resources Department
- e) Employee Data Sheet: Responsibility of Hiring Manager
- f) Personnel Action Form: Responsibility of Hiring Manager
- g) Annual Employee Salary Information Confirmation: Responsibility of Business Office
- h) Transfer Form to move from one position or department to another: Responsibility of Campus Principal or Department Manager

The Business Office ensures all wage changes and annual salaries and deductions are accurately tracked and recorded. The Budget Coordinator ensures employee salaries are allocated to the proper general ledger accounts. The Business Office ensures payroll taxes and deductions are properly calculated.

V. Record Keeping

A. Record Retention

The LEA maintains all records that fully show (1) the amount of funds under the grant or subgrant; (2) how the subgrantee 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. 34 CFR §§76.730-.731 and §§75.730-.731. The LEA also maintains records of significant project experiences and results. 34 CFR §75.732. These records and accounts must be retained and made available for programmatic or financial audit.

The U.S. Department of Education is authorized to recover any federal funds misspent within 5 years before the receipt of a program determination letter. 34 CFR §81.31(c). Consequently, the LEA retain records for a minimum of five (5) years from the date on which the final Financial Status Report is submitted, unless otherwise notified in writing to extend the retention period by the awarding agency, cognizant agency for audit, oversight agency for audit, or cognizant agency for indirect costs. 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 CFR §200.333.

State Law Regarding Records Retention

The Texas State Library and Archives Commission records retention schedules are available at: www.tsl.state.tx.us/slr/recordspubs/localretention.html.

The Government Code, Section 411.158, provides that the Texas State Library and Archives Commission shall issue records retention schedules for each type of local government, including a schedule for records common to all types of local government. The law provides further that each schedule must state the retention period prescribed by Federal or State law, rule of court, or regulation for a record for which a period is prescribed; and prescribe retention periods for all other records, which periods have the same effect as if prescribed by law after the records retention schedule is adopted as a rule of the Commission.

The retention period for a record applies to the record regardless of the medium in which it is maintained. Some records listed in the retention schedule are maintained electronically in many offices, but electronically stored data used to create in any manner a record or the functional equivalent of a record as described in the retention schedules must be retained, along with the hardware and software necessary to access the data, for the retention period assigned to the record, unless backup copies of the data generated from electronic storage are retained in paper or on microfilm for the retention period. This includes electronic mail (email), websites, and electronic publications.

The use of social media applications may create public records. Any content (messages, posts, photographs, videos, etc.) created or received using a social media application may be considered records and should be managed appropriately. The retention of social media records is based on content and function. Local governments will need to consult the relevant records retention schedule for the minimum retention periods.

Unless otherwise stated, the retention period for a record is in calendar years from the date of its creation. The retention period applies only to an official record as distinct from convenience or working copies created for informational purposes. Where several copies are maintained, each local government should decide which shall be the official record and in which of its divisions or departments it will be maintained. Local governments in their records management programs should establish policies and procedures to provide for the systematic disposal of copies.

A local government record whose retention period has expired may not be destroyed if any litigation, claim, negotiation, audit, public information request, administrative review, or other action involving the record is initiated; its destruction shall not occur until the completion of the action and the resolution of all issues that arise from it.

A local government record whose retention period expires during any litigation, claim, negotiation, audit, public information request, administrative review, or other action involving the record may not be destroyed until the completion of the action and the resolution of all issues that arise from it.

If a record described in the retention schedule is maintained in a bound volume of a type in which pages were not meant to be removed, the retention period, unless otherwise stated, dates from the date of last entry.

If two or more records listed in the retention schedule are maintained together by a local government and are not severable, the combined record must be retained for the length of time of the component with the longest retention period. A record whose minimum retention period on the retention schedule has not yet expired and is less than permanent may be disposed of if it has been so badly damaged by fire, water, or insect or rodent infestation as to render it unreadable, or if portions of the information in the record have been so thoroughly destroyed that remaining portions are unintelligible. If the retention period for the record is permanent in the retention schedule, authority to dispose of the damaged record must be obtained from the Director and Librarian of the Texas State Library and Archives Commission. A Request for Authority to Destroy Unscheduled Records (FORM SLR 501) should be used for this purpose.

B. Collection and Transmission of Records

The LEA's records management system establishes a records retention schedule and determines which records are active and should be retained in office space, which records are inactive and

should be moved to storage, which records have served their usefulness and may be destroyed, which records are confidential or sensitive and require security measures to restrict access, which records are essential and require backup protection, and which records demonstrate compliance with legal requirements.

In developing the LEA's records retention schedule, the Superintendent will ensure it is consistent with the applicable minimum retention schedules adopted by the Texas State Library and Archives Commission, i.e., Local Schedule GR – Records Common to All Governments, Local Schedule EL - Records of Elections and Voter Registration, Local Schedule TX – Records of Property Taxation, and Local Schedule SD – Records for Public School Districts. 13 TAC (Texas Administrative Code) 7.125.

Note: The Texas State Library and Archives Commission records retention schedules are available at: www.tsl.state.tx.us/slr/recordspubs/localretention.html.

In addition, records that are not listed on the Texas State Library and Archives Commission records retention schedule, but are retained for administrative value, are included in the records management plan, with a retention period identified for each record type.

The LEA may not dispose of a record listed in the applicable retention schedule prior to the expiration of its retention period. The LEA's records control schedule may not set a retention period that is less than that established for the record in the applicable schedule. Original paper records may be disposed of prior to the expiration of their minimum retention periods if they have been microfilmed or electronically stored pursuant to the provisions of the Local Government Code, Chapter 204 or Chapter 205, as applicable, and rules of the Texas State Library and Archives Commission adopted under those chapters. Actual disposal of such records is subject to the policies and procedures of the LEA's records management program.

Even if the legal retention period has expired for a record, the record will not be destroyed if one of the following exists:

- i. The subject matter of the record is known to be in litigation;
- ii. The record is subject to a pending request for disclosure under the Open Records Act;
- iii. There is an outstanding request to inspect and review the record under the Family Educational Rights and Privacy Act (FERPA);
- iv. The record is subject to a pending audit by a Federal or State granting agency or subgrantor agency;
- v. Questions remain unresolved from a conducted audit until audit findings are solved.

The LEA maintains and preserves original records and/or in electronic format for convenience use. Records stored on microfiche will comply with the requirements established in the Texas State

Library's Local Government Bulletin A, Microfilming Standards and Procedures. Records stored on electronic or magnetic media must follow the requirements established in Local Government Bulletin B, Electronic Records Standards and Procedures.

Active records are stored in the Business Office at the Central Office. Active records are records that are current or accessed frequently. Inactive records are records that are accessed infrequently or not at all. Inactive records are stored in Warehouse and the Drane 'Blue' Building. The records retention schedule will identify all records in storage and their location.

Any person who knowingly or intentionally violates the specific rules for the destruction of records established by the Texas Government Records Act violates the law. According to Section 202.001 of the Texas Government Records Act (Local Government Code 202.001), records may be destroyed if:

- i. The record is listed on a records control schedule accepted for filing by the Texas State Library and Archives Commission (the Commission) and its retention period has expired or it has been microfilmed or stored electronically in accordance with established requirements;
- ii. The record appears on a list of obsolete records approved by the Commission;
- iii. A destruction request is filed with and approved by the Commission (for a record not listed on an approved control schedule);
- iv. The record destruction or obliteration is directed by an expunction order issued by a district court pursuant to State law;
- v. The record is defined as exempt from scheduling or filing requirements by rules adopted by the Commission or listed as exempt in a records retention schedule issued by the Commission.

Records may be destroyed by burning, shredding, pulping, burial in a landfill or by sale or donation for recycling purposes, subject to the following exceptions:

- a) Records to which public access is restricted under Chapter 552, Government Code, or other State law may be destroyed only by burning, pulping, or shredding;
- b) An LEA that sells or donates records for recycling purposes must establish procedures for ensuring that the records are rendered unrecognizable as local government records by the recycler;
- c) The Commission may approve other methods of destruction that render the records unrecognizable as local government records.

The Business Office updates LEA records on an annual basis. Any records scheduled for destruction are pulled and recorded by the Business Office and picked up at a later date for destruction. No records are destroyed without the approval of the Superintendent. The Business

Office maintains the confidentiality statement provided by the Business Office and any record destruction vendor(s).

For special education records, a notice will be published in the local paper notifying the public of the intent to destroy records, specifying the date range of special education records that will be destroyed within thirty (30) calendar days from the date of the notice. No confidential information is published. Documents will only be released to the student named on the record.

If record retention schedules prescribed by the Texas State Library and Archives Commission indicate a retention period that differs from the Federal requirements, the more restrictive retention period will be followed. Since Title IV of the No Child Left Behind (NCLB) – Elementary and Secondary Education Act (ESEA) has no statute of limitations, all records are maintained for that grant program.

C. Access to Records

The LEA provides the awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives the right of access to any documents, papers, or other records of the LEA 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 LEA's personnel for the purpose of interview and discussion related to such documents.

D. Privacy

The LEA has protections in place to ensure that the personal information of both students and employees is protected. The LEA has computer password policies that require frequent changes and all employees are trained on the requirements of the Family Educational Rights and Privacy Act (FERPA). All Information Act requests are forwarded to the Superintendent for review. The Superintendent is responsible for ensuring that the person has the right to the documentation.

VI. Self-Monitoring and Audit Resolution

Program Evaluation

The Deputy Superintendent will monitor Federal grant-supported activities to assure compliance with applicable Federal requirements and to assure that performance goals are being achieved. Actual accomplishments will be compared to the objectives of the program.

Activities for monitoring and evaluating program performance include, but are not limited to:

- Interviews with campus administrators;
- Collaboration with regional Education Service Center staff for training, technical assistance, and consultative services;

- Review of applicable data;
- Leadership team meetings on a regular basis to review program activities

Monitoring Implementation of Written Policies and Procedures

The LEA will self-monitor implementation of their written policies and procedures on a continuous cycle. The Business Office, Learner Supports Office, and the Special Programs Office monitors compliance with written policies and procedures. Annually, the Deputy Superintendent ensures all policies and procedures have effective dates. Annually, a copy of the policies and procedures are sent to all administrators who certify through email they have read the policies and procedures.

Audit Resolution

The LEA will review the results of audit and monitoring visits and implement corrective actions. All findings are reviewed by the CFO and any necessary adjustments to processes are made.

VII. Questions to Consider When Determining Allowability of Cost with Federal Funds

Fiscal and program staff should refer to this section for a useful framework when performing an analysis of allowability. In order to determine whether federal funds may be used to purchase a specific cost, it is helpful to ask the following questions:

- Is the proposed cost allowable under the relevant program?
 - Am I familiar with the program-specific statutes and regulations?
 - Have I reviewed the Program Guidelines issued by TEA for this particular grant program?
- Is the proposed cost consistent with program-specific fiscal rules?
 - Does the program have a supplement, not supplant rule?
 - Are there other program-specific fiscal rules that affect this cost item?
- Is the proposed cost consistent with an approved program plan and budget?
 - Have I reviewed the applicable program plan?
 - Is the cost item budgeted in our local budget or does it need to be added?
 - Does the cost require specific approval from TEA?
 - Is the cost item budgeted in the grant application or does it need to be added?
 - If the cost was in the grant application, was the cost approved by TEA?
- Is the proposed cost consistent with specific conditions imposed on the grant (if applicable)?
 - Have I reviewed the NOGA for the grant award to determine specific terms and conditions?
- Is the proposed cost consistent with EDGAR?
 - Is the proposed cost item reasonable?
 - Is it a type generally recognized as ordinary and necessary for the operation of the LEA?
 - Is it a type generally recognized as necessary for the proper and efficient performance of the specific federal program?
 - Are sound procurement practices, such as arms-length bargaining, full and open competition standards followed?
 - Are you significantly deviating from your locally established practices and policies?
 - Is the price consistent with market prices for comparable goods or services for the geographic area?
 - Did you perform a cost/price analysis?
 - Did you perform a lease vs purchase analysis?
 - Did you consider the use of federal excess and surplus property in lieu of purchasing new equipment or property?

- Is this the minimum amount I need to spend to meet my need?
 - Is this the “Cadillac” version of what I really need?
 - Does it pass the prudent person test?
- Is the proposed cost item necessary?
 - Is it needed for the proper and efficient performance of the grant program?
 - Does it address program-specific goals and objectives?
 - Is it aligned with identified needs based on results and findings from a needs assessment?
 - Is it aligned with identified needs based on program data?
 - Have you reviewed the Campus Improvement Plan and/or District Improvement Plan and Comprehensive Needs Assessment?
 - Is there an educational benefit associated with the cost?
 - Is it identified in your program plan?
 - Is it identified in the budget and grant application?
 - Do I really need this or is it just nice to have?
 - Do I have the capacity to use what I am purchasing?
 - Would this be a duplicative item of something we already have?
 - If I were asked to defend this purchase, would I be able to?
- Is the proposed cost item allocable to the federal award?
 - Is the cost incurred specifically for the federal program?
 - Will the program benefit in proportion to the funds charged to the program?
- Does the proposed cost item conform to any limitations or exclusions set forth in the terms and conditions of the federal award?
 - Have you reviewed the NOGA, if applicable, to determine terms and conditions of the award?
- Is the proposed cost item consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the LEA?
- Is the proposed cost item accorded consistent treatment?
 - Have you determined whether it would be a direct cost or indirect cost and whether the determination for this type of cost is consistent with like costs in like circumstances?
- Will the accounting treatment of the proposed cost item conform with the generally accepted accounting principles (GAAP)?
- Will the proposed cost item be used as a match or cost-share?
- Have I reviewed the Selected Items of Cost in EDGAR?
- Are any credits being extended that should reduce the amount being allocated to the federal award?
- Do I have a system in place to adequately document the entire procurement cycle of the cost item?

- Do I have a system in place to ensure the expenditure occurs during the grant program performance period?
- Do I have a system in place to ensure that once it is purchased and received, personnel who will use the cost item are made aware of its fund source and intended purpose and beneficiaries?
- Are there any State or local rules applicable to this cost item that are more restrictive than federal rules?

VIII. 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)
 - <http://www.ecfr.gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&node=pt2.1.200&rgn=div5>
- USDE's Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 3474)
 - http://www.ecfr.gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&tpl=/ecfrbrowse/Title02/2cfr3474_main_02.tpl
- Federal program statutes, regulations, and guidance
 - <http://www.ed.gov/>

IX. APPENDICES

Appendix A: Organizational Chart

Appendix B: Chart of Accounts



Account Codes.pdf

Appendix C: List of Business Office Staff



CISD Business Office
Staff.pdf

Appendix H: Major Maintenance Projects Using Federal Funds Policy - Page 121

Cheat Sheets

Account Code Descriptions
for quick reference

The Coding Structure

- A 20 digit code in which 15 digits constitute the REQUIRED coding structure.

XXX-XX-XXXX-XX-XXX-X-XX-X-XX

Fund Code	A mandatory 3 digit code to be used for all financial transactions to identify the fund group & specific fund The 1st digit specifies the fund group and the 2nd & 3rd specify the fund	XXX-xx-xxxx-xx-xxx-x-xx-x-xx
Function Code	A mandatory 2 digit code applied to expense that identifies the purpose of the transaction. The first digit identifies the major class & the 2nd refers to the specific function within the area.	xxx-XX-xxxx-xx-xxx-x-xx-x-.,xx
Object Code	A mandatory 4 digit code identifying the nature & object of an account, a transaction, or a source. The 1st digit identifies a type of account or transaction, the 2nd identifies the major area, and the 3rd & 4th provide further sub-classifications.	xxx-xx-XXXX-xx-xxx-x-xx-x-xx
Optional Codes 1 and 2	A 2 digit code for optional use for local designation and accountability	xxxxx.-xx.xx-XX-xxx-x •xx-x-xx
Organizational Code	A mandatory 3 digit code identifying the organization (high school, middle, elementary, administration)	xxx-xx-xxxx-xx-XXX-x-xx-x-xx
Fiscal Year Code	A mandatory single digit of a transaction (or project year inception of a grant project)	xxx-xx-xxxxxx-XI0I-X-xx-x*xx
Program Intent Code	A mandatory 2 digit code to designate the intent of a program provided to students. These codes are used to account for the cost of instruction & other services directed toward a specific set of students. The student group determines the code, not the demographic makeup of students	xxx-xx-xxxx-xx-xxx-x-XX-x-xx
Optional Codes 3, 4., & 5	Codes used by the district for further description: "bethe transaction"	Xi<X,xx,xxxxxx..X.XX•X•XXwX XX

CISD FUNDS

GENERAL FUND

181 ATHLETICS
185 STADIUM MANAGEMENT
186 GEAR UP GRANT
187 PUBLIC RELATIONS HERO MAKERS
199 GENERAL FUND

SPECIAL REVENUE- FEDERAL & STATE GRANTS

211 TITLE I
224 IDEA B/FORMULA
225 IDEA B PRESCHOOL
240 FOOD SERVICE
242 SUMMER FEEDING PROGRAM
244 VOCATIONAL BASIC GRANT
255 TITLE II-A TPTR
263 TITLE 111-A LEP
270 RURAL & LOW INCOME
287 EDUCATION JOBS FUND
289 SUMMER SCH LEP
315 IDEA B DISCRETIONARY
316 IDEA-B DEAF
317 IDEA-B DEAF PRESCHOOL
340 IDEA-C DEAF EARLY INTERVENTION
397 AP/IB CAMPUS AWARDS
404 SSI
410 TECHNOLOGY/TEXTBOOK ALLOTMENT
429 STATE FUNDED PROGRAMS
435 DEAF ED- FOUNDATION

LOCAL PROGRAMS

461 CAMPUS ACTIVITY FUNDS
480 CAMPUS GRANTS
481 DONATIONS & FUNDRAISERS
485 BOOKS ACROSS AMERICA
487 YOUTH LEADERSHIP CAMP
865 STUDENT ACTIVITY
826 SCHOLARSHIP

Function Codes Description
xxx@xxxx-xx-xxx-x-xx-x-xx

11	·instruction (classroom- items that deal directly with interaction between teachers & students)
12	Instructional Resources & Media (library)
13	Curriculum Dev. and Inst. Staff Dev. (expenses used directly to aid instructional staff in planning, developing, and evaluating the process of providing learning experiences for students)
21	Instructional Leadership
23	School Leadership (expenses used to direct & manage a school campus)
31	Counseling/Guidance
32	Attendance/Social Work Services
33	Health Services
34	Student Transportation
35	Food Services/Child Nutrition
36	Extracurricular Activities (school sponsored activities outside of the school day)
41	General Administration
51	Plant Maint. & Operation
52	Security
53	Data Processing
61	Community Services
71	Debt Service
81	Facilities Construction

Expense Object Codes

xxx-xx-XXXX-xx-xxx-x-xx-x-xx

61XX	Payroll Costs
62XX	Professional & Contracted Services
	6219 Services delivered by an independent contractor
	6221 Staff tuition paid directly to institute of higher learning
	6223 Student tuition paid directly to institute of higher learning
	6239 All ESC services
	6249 Contracted Maintenance & Repair- costs for normal upkeep, repair, and minor restoration examples: office equipment, computers, copiers, software upgrades
	6259 Utilities
	6269 Rentals
	6291 Consulting Services
63XX	Supplies & Materials
	6311 Gasoline & Other Fuels
	6319 Janitorial Supplies
	6321 Textbooks
	6329 Reading Materials
	6339 Testing Supplies Expense for testing materials, such as test booklets (Test <u>scoring</u> should be charged to 62XX)
	634X Food Service Operations
	6399 General Supplies
64XX	Travel, Subsistence & Stipends cost of transportation, meals, room, and other expenses associated with traveling on official school business
	6411 Employee Travel
	6412 Student Travel
	6413 Stipends for Non-Employees
	6419 Non-Employee Travel
	6429 Insurance & Bonding
	6439 Election Costs
	6492 Payments to Fiscal Agents of SSA
	6493 Payments to Member Districts of SSA
	6494 Reclassified Transportation Expenses Transportation costs for field trips and cocurricular activities when school buses and drivers are used
	6495 Dues Dues paid to clubs, committees, and other organizations
	6499 Miscellaneous Operating Costs examples: fees, awards, bid notices, graduation expenses, food for school-related meetings, newspaper advertisements
65XX	Debt Service
66XX	Capital Outlay- Land, Buildings & Equipment
	6631 Vehicles per unit cost > \$5,000
	6639 Furniture, Equipment & Software with a per-unit cost > \$5,000

APPENDIX H

Major Construction Projects Using Federal Funds

The Davis-Bacon and Related Acts (DBRA)

DBRA requires payment of prevailing wages on federally funded or assisted construction projects.

The [Davis-Bacon Act](#) applies to each federal government or District of Columbia contract in excess of \$2,000 for the construction, alteration, or repair (including painting and decorating) of [public buildings or public works](#). Many federal laws that authorize federal assistance for construction through grants, loans, loan guarantees, insurance, and other methods are Davis-Bacon "Related Acts." The "Related Acts" include provisions that apply Davis-Bacon labor standards to most federally assisted construction. Examples of "Related Acts" include the Federal-Aid Highway Acts, the Housing and Community Development Act of 1974, and the Federal Water Pollution Control Act.

Contractors must pay [laborers and mechanics](#) working on the [site of the work](#) at least the locally prevailing wages (including fringe benefits), listed in the Davis-Bacon wage determination applicable to the contract, for the work performed. [Davis-Bacon labor standards clauses](#) must be included in covered contracts.

The Davis-Bacon "prevailing wage" is the combination of the basic hourly rate and any fringe benefits listed in a Davis-Bacon wage determination. The contractor's obligation to pay at least the prevailing wage listed in the applicable wage determination can be met by paying each laborer and mechanic the applicable prevailing wage entirely as cash wages or by a combination of cash wages and employer-provided bona fide fringe benefits. Prevailing wages, including fringe benefits, must be paid for all hours worked on the site of the work. ([Source](#))

Davis-Bacon Poster - WH-1321 (Government Construction)

Every employer performing work covered by the labor standards of The Davis-Bacon and related Acts shall post a notice (including any applicable wage determination) at the site of the work in a prominent and accessible place where it may be easily seen by employees. ([Source](#))

Submission of certified payroll and the preservation and inspection of weekly payroll records:

(a) Certified payroll. Each certified payroll required under [§ 3.3](#) must be delivered by the contractor or subcontractor, within 7 days after the regular payment date of the payroll period, to a representative at the site of the building or work of the agency contracting for or financing

the work, or, if there is no representative of the agency at the site of the building or work, the statement must be delivered by mail or by any other means normally assuring delivery by the contractor or subcontractor, within that 7 day time period, to the agency contracting for or financing the building or work. After the certified payrolls have been reviewed in accordance with the contracting or sponsoring agency's procedures, such certified payrolls must be preserved by the agency for a period of 3 years after all the work on the prime contract is completed and must be produced for inspection, copying, and transcription by the Department of Labor upon request. The certified payrolls must also be transmitted together with a report of any violation, in accordance with applicable procedures prescribed by the United States Department of Labor. [Source ecf.gov](#)

Laborer Interviews

Corsicana ISD shall include interviews with laborers, which shall be taken in confidence, and examinations of payroll data and evidence of registration and certification with respect to apprenticeship and training plans. Interviews will be conducted individually and privately. All laborers and mechanics employed on the job site must be made available for interview at the interviewer's request. The employee's participation, however, is voluntary. Interviews shall be conducted in a manner and place that are conducive to the purposes of the interview and that cause the least inconvenience to the employer(s) and the employee(s). ([Source](#))