CUERO INDEPENDENT SCHOOL DISTRICT

FINANCIAL/ADMINISTRATIVE POLICIES & PROCEDURES

2023-2024

EFFECTIVE 9-1-2023

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INTRODUCTION

This manual sets forth the policies and procedures used by Cuero ISD (referred to as the "LEA" throughout this manual) to administer federal, state, and local funds. The manual contains the internal controls and grant management standards used by the LEA to ensure that all federal funds are lawfully expended.

This manual describes in detail the LEA's financial management system, including cash management procedures, property management protocols, procedures for determining the allowability of expenditures, time distribution, record retention, and self-monitoring and audit resolution procedures. Policies and procedures for Procurement and Travel are located in separate manuals.

According to TEA's "New EDGAR Regulations FAQ" (q. 1.19), federal grant expenditures that are paid with state and local funds and later reimbursed with federal grant funds must follow federal regulations. In the same manner, state grant expenditures that are paid with other state and local funds and later reimbursed with state grant funds must follow the state's Uniform Grant Management Standards (UGMS), which traditionally apply federal grant regulations to state grants.

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 and administrative duties, and program-specific fiscal duties, are responsible for the contents.

According to local policy, the policies and procedures contained in this manual are subject to School Board review but shall not be adopted by the School Board.

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.

Conflict of Interest

No LEA employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a federal, state, or other award if he or she has a real or apparent conflict of interest. If required by the terms and agreements of a Grant Award Notice (GAN) or Notice of Grant Award (NOGA), and/or the awarding agency, the LEA will disclose in writing any potential conflict of interest to the awarding agency in accordance with the awarding agency's policies.

Refer to the LEA's Procurement Manual for Conflict of Interest procedures, Purchasing Code of Ethics, and Definitions.

Fraud and Financial Impropriety

The LEA prohibits fraud and financial impropriety, as defined below, in the actions of its trustees, employees, vendors, contractors, consultants, volunteers and others seeking to maintain a business relationship with the LEA. These persons shall not seek a financial or other advantage, either personally or for the LEA, through bribery, fraud, kickbacks, misapplication of funds, malfeasance, gross mismanagement, or other criminal activities. These persons shall not offer, promise, give, request, agree to receive or accept a bribe for any purpose. Excessive or lavish gifts or hospitality in relation to business transactions or arrangements with granting agencies, contractors, vendors or other parties to contracts might constitute bribery.

Refer to the LEA's Procurement Manual for a definition of nominal vs excessive gifts.

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.

The LEA will take appropriate action to prevent incidents of fraud, malfeasance, misapplication of funds, gross mismanagement, or other criminal activities in all forms, which may be prosecutable. The LEA will disclose in writing to the awarding agency or pass-through entity any violation of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the federal award.

Refer to the LEA's Procurement manual for procedures on Mandatory Disclosure of Violations of Federal Criminal Law.

Reporting Fraud or Financial Impropriety

Any person who suspects fraud or financial impropriety, or suspects that an illegal or unethical act has occurred, shall report the suspicions immediately to any supervisor, the Superintendent or designee, the Board President, or local law enforcement. The LEA will not retaliate against any person who, in good faith, has reported what they believe to be illegal acts by LEA employees, officers, or agents, or of other individuals or entities with whom the LEA has a business relationship, on the basis of a reasonable belief that the practice is in violation of law or clear mandate of public policy.

An Incident Report should be completed by the Complainant and should include the following information, if applicable or known: (1) Date of Report; (2) Type of funds, such as federal, state, local; (3) Grant Number; (4) Location of incident; (5) Date and time of incident; (6) Source of complaint (employee, vendor, etc.); (7) Description in detail of infraction.

An Incident Report should be completed by the Complainant and should include the following information, if applicable or known: (1) Date of Report; (2) Type of funds, such as federal, state, local; (3) Grant Number; (4) Location of incident; (5) Date and time of incident; (6) Source of complaint (employee, vendor, etc.); (7) Description in detail of infraction.

Investigating Reports of Fraud or Financial Impropriety

The Assistant Superintendent of Business will appropriately investigate, record, and report all suspected instances of fraud or financial impropriety to the Superintendent, including the initial Incident Report, as well as a report indicating actions taken. If necessary, the appropriate investigative agency or law enforcement will be notified. Depending on the results of the investigation, the LEA will take appropriate action, including disciplinary actions for violations of the LEA's Code of Conduct. Appeals related to the conclusion of an investigation or disciplinary action resulting from an investigation should be made in writing to the Superintendent.

ORGANIZATIONAL INFORMATION

An organization chart is available in Appendix B.

If assistance is needed in any area of our business operations, please contact any of the staff members listed in Appendix C Business Office Staff OR provide a link to the LEA's website where staff members and their contact information is listed.

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.

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 Overview 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 (Catalog of Federal Domestic Assistance) title and number, federal award identification number and year, name of the federal agency, and, if applicable, name of the pass-through entity. Upon receipt of each grant award, the LEA obtains the required information from the GAN (Grant Award Notification)/NOGA (Notice of Grant Award) and enters the information in the applicable system/general ledger/schedule using the assigned 3-digit fund code.

Refer to "Identification of Federal Funds" under the "Financial Management/Accounting System" section of this manual for these award/fund identification procedures.

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

Accurate, current, and complete disclosure of the financial results of each federal award or program 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.

Rrefer to "Financial Reporting" under the "Financial Management/Accounting" section of this manual for these financial reporting procedures.

Accounting Records Overview 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 (i.e., purchase orders/requisitions, invoices, receipts, travel vouchers, time distribution reports, employee payroll records, etc.).

Refer to the "Accounting Records" section of this manual for accounting records procedures and the "Record Keeping" section of this manual for records management procedures.

Budget Control Overview 2 CFR §200.302(b)(5)

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

Refer to "Budget Control for Federal and State Programs" under the "Budgeting" section of this manual for budget control procedures.

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

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

Refer to the "Cash Management" section of this manual for these cash management procedures.

Allowable Costs Overview 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.

Refer to the "Spending Grant Funds" section and the "Questions to Consider When Determing Allowability of Costs with Federal Funds" section of this manual for these allowability 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.

According to 2 CFR §200.61, internal controls means a process, implemented by a non-Federal entity (LEA), designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) Effectiveness and efficiency of operations; (b) Reliability of reporting for internal and external use; and (c) Compliance with applicable laws and regulations.

An internal control system is a system of ongoing processes that are built into the overall operations of the organization to provide reasonable assurance that organizational objectives, including grant objectives, will be met.
Key roles in the internal control system include the oversight body, management, personnel, and internal auditors:

- The oversight body (such as the local school board, superintendent, and other senior members of the administration) have the responsibility to provide advice, counsel, and direction to management; approve certain transactions and policies; and monitor management activities. The oversight body sets the tone at the top of an organization by clearly communicating the mission, goals, and objectives of the organization.
- Management staff (such as administration staff, campus leaders, and any other staff charged with supervising the internal control system) are responsible for assuring that the internal control activities are carried out and the organization's objectives are met.
- The rest of the LEA's staff fall into the "personnel" category. Personnel must understand how their specific duties fit into the overall system and should be able to report issues or potential problems in the internal control system to management without the fear of negative consequences.

- Finally, internal auditors (applicable to LEAs that have an internal audit department) strengthen the internal control system by evaluating, monitoring, and assessing the internal control system and reporting to the oversight body.

The LEA's internal controls should be in compliance with guidance from the following:

- TEA's Internal Controls Guidance Handbook *For Fiscal Year 2015 and Beyond* (http://tea.texas.gov/Finance_and_Grants/Administering_a_Grant.aspx), and
- "Standards for Internal Control in the Federal Government" (the "Green Book") issued by the Comptroller General of the United States (Government Accountability Office – GAO) (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)

Five Components of Internal Controls

The GAO (Government Accountability Office) identifies five components of internal controls:

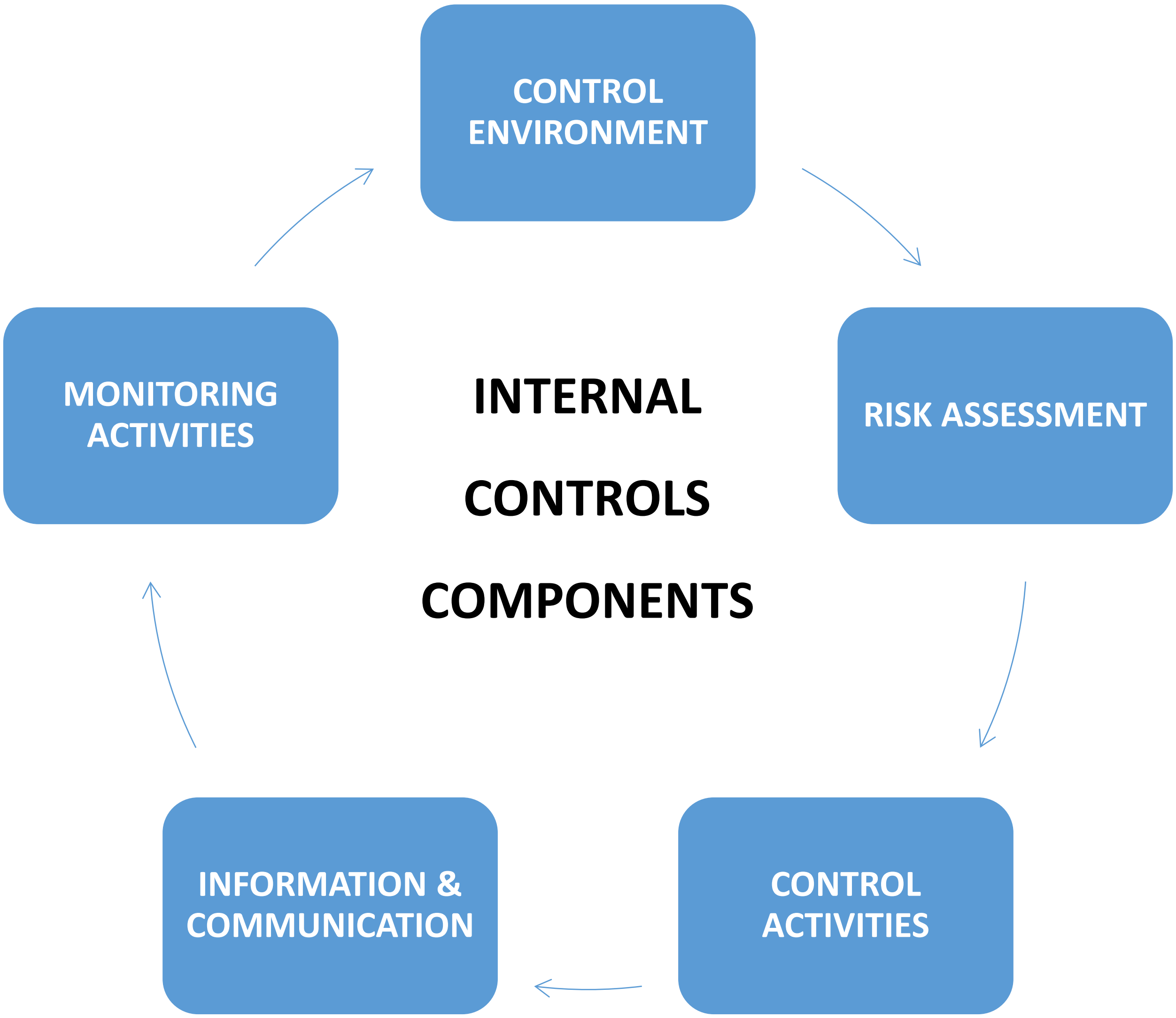
1) Control Environment: A strong control environment allows management and employees to maintain a positive and supportive attitude toward internal controls and conscientious management, such as the codes of conduct for ethical and moral behavioral standards, commitment to competence, appropriate managerial 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.

2) 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.

3) 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.

4) 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.

5) 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.



For an effective internal control system, all of the five components must be effectively designed and operating together in an integrated manner.

Although each component includes different requirements, they will overlap.

17 Principles That Support the Components of the Internal Control System

These principles provide additional guidance and clarification for evaluating the development and implementation of each component of the Internal Control System.

COMPONENTS	PRINCIPLES
Control Environment	1. The oversight body and management should demonstrate a commitment to integrity and ethical values. 2. The oversight body should oversee the entity's internal control system. 3. Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives. 4. Management should demonstrate a commitment to recruit, develop, and retain competent individuals. 5. Management should evaluate performance and hold individuals accountable for their internal control responsibilities.
Risk Assessment	6. Management should define objectives clearly to enable the identification of risks and define risk tolerances. 7. Management should identify, analyze, and respond to risks related to achieving the defined objectives. 8. Management should consider the potential for fraud when identifying, analyzing, and responding to risks. 9. Management should identify, analyze, and respond to significant changes that could impact the internal control system.
Control Activities	10. Management should design control activities to achieve objectives and respond to risks. 11. Management should design the entity's information system and related control activities to achieve objectives and respond to risks. 12. Management should implement control activities through policies.
Information and Communication	13. Management should use quality information to achieve the entity's objectives. 14. Management should internally communicate the necessary quality information to achieve the entity's objectives. 15. Management should externally communicate the necessary quality information to achieve the entity's objectives.
Monitoring	16. Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. 17. Management should remediate identified internal control deficiencies on a timely basis.

SOURCE: GAO I GAO-14-704G

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 3.11), "The primary documentation for internal controls is written policy and procedures and verification that the policies and procedures are actually implemented and reviewed on a periodic basis."

The Assistant Superintendent of Business is responsible for reviewing, testing and monitoring, and revising as necessary, the internal controls established for the LEA.

Review and monitor of internal controls, which includes ensuring that policies and procedures are up-to-date and actually implemented, are performed monthly.

Financial Management/Accounting System

The LEA's financial management system 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 TEA's FASRG (Financial Accountability System Resource Guide), can generate information needed for PEIMS/TSDS (Public Education Information Management System/Texas Student Data System) reporting, and ensures adequate accountability of State and federal funds.

The LEA uses Skyward for financial management and accounting. This system interfaces with the LEA's procurement and inventory systems. The Assistant Superintendent of Business loads the budget onto the system by August 31, 20XX. The Assistant Superintendent of Business is responsible for tracking/monitoring the budgets and accounts payable.

Identification of Federal Funds

Under 2 CFR §200.302(b)(1), a recipient must track 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.

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 3.9), the required specific identification of federal awards may be included in the Schedule of Expenditures of Federal Awards (SEFA) to comply with this EDGAR requirement, as long as the LEA's local policy defines where that required information is documented. "The detailed information is not necessarily expected to be reflected in the general ledger, but rather documented in the LEA's financial management system, as described in its policy."

The LEA's financial management/accounting system complies with the EDGAR requirement concerning identification of federal funds.

Encumbrance Accounting

TEA's Financial Accounting and Reporting (FAR Guide) of the FASRG requires encumbrance accounting. An encumbrance accounting system is a method of ascertaining the availability of funds and then reserving funds to cover outstanding obligations. The amount committed (or obligated) must be monitored to avoid over-expenditure of budgeted funds. Encumbrances represent commitments (i.e., obligations) related to contracts not yet performed (executory contracts), and are used to control expenditures for the year and to enhance cash management.

An LEA often issues purchase orders or signs contracts for the purchase of goods and services to be received during the grant period. At the time these commitments or obligations are made, (which in its simplest form means when a purchase order is prepared), the appropriate account is checked for available funds. If an adequate balance exists, the amount of the order is immediately charged to the account to reduce the available balance for control purposes. The encumbrance account does not represent an expenditure for the period, only a commitment to expend resources.

The Assistant Superintendent of Business monitors the balances for availability of funds.

Financial Reporting

The LEA collects and reports financial information according to the terms and conditions of the award, as specified by the financial reporting clause of the grant or contract award document. If applicable, the reports will include monthly and cumulative expenditures, project budgets, and a balance remaining column. The LEA monitors its activities under federal awards to assure compliance with applicable federal requirements.

The Federal Programs Director is responsible for compiling timely and accurate financial reports. The reports are subject to the review and approval by the Assistant Superintendent of Business. The review process includes determining if there are any inconsistencies or errors. Cuero ISD uses Skyward software for all financial reports.

Refer to "Accounting Controls" under the "Accounting Records" section of this manual for information related to the submittal of annual audit reports.

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

Identification of Federal Funds can be located in Appendix G (Page 112)

The Assistant Superintendent of Business enters the information into the general ledger. The Federal Program Director reviews for accuracy.
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.

The payroll clerk enters the information into the payroll journal. The Assistant Superintendent of Business reviews for accuracy.

Budgeting

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 (GAAP), rules adopted by the State Board of Education, and adopted policies of the board of trustees.

The Assistant Superintendent of Business will ensure the budget is prepared in accordance with GAAP and State guidelines. The Assistant Superintendent of Business 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 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.

Refer to the "Record Keeping" section of this manual 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.

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. Cuero ISD has a local newspaper published weekly.

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. 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.

The Superintendent is responsible for filing the adopted budget with TEA.

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.

The Assistant Superintendent of Business is responsible for posting the budget. The Assistant Superintendent of Business is responsible for ensuring the budget remains posted for the required period of time.

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.

The LEA requires budget revisions for reallocations within functional levels or programs.

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 superintendent to ensure the LEA's legal compliance with state expenditure mandates.

The Assistant Superintendent of Business 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 August 31 for budgets ending in September

Budgeting for Federal and State Grants

Planning the Grant Budget

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 (Roll-Forward) Funds, if applicable
- Meetings held in spring for next year

The Federal Programs Director develops a detailed budget in a document, an Excel spreadsheet, titled "Federal Budgets 20xx-20xx" separate from the grant application. The Federal Programs Director coordinates with the LEA's Business Office to ensure budgeted items are categorized according to their proper class/object code. These "working papers" will serve as a guide for expenditures and will be used to complete the grant application. The budget may be modified or revised as necessary to accommodate changes. If applicable, an amendment to the grant application will be performed to match the revised budget.

Data is compiled on the LEA's Federal Grant spreadsheet to ensure budgeted amounts match allocations. The data is transferred to the TEA eGrants application. Budgeting projections, data entry into the eGrants application, expenditure monitoring and certification and submittal of the completed eGrants application is performed Assistant Superintendent of Business.

The Federal Program Director and Director of Special Education create, adjust and set up budgets for their particular federal grants.

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 (SNS)" 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.

Refer to TEA's "Supplement Not Supplant" handbook for guidance.

The Federal Program Director is responsible for ensuring the "Supplement, Not Supplant" requirements are not violated.

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 Federal Program Director is responsible for ensuring the "Supplement, Not Supplant" requirements are not violated. Program Directors examine last years needs and expenses and correlate them with the upcoming years needs and requests. All requests are discussed in meetings and examined to cover the "Supplement, Not Supplant" test.

Title I, Part A

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. The Assistant Superintendent of Business determines the local option codes that the LEA will use.

Please refer to "Local Option Codes" under the "Accounting Code Structure" section of this manual for a description of specific expenditures that require local option codes.

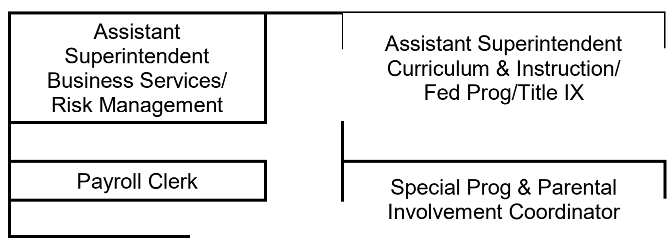
The following sources are used to develop budgets for Federal grants:

- 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.

The Assistant Superintendent of Business develops a detailed budget in a "working papers" document Federal Budgets 20xx-20xx separate from the grant application.

The Federal Program Director coordinates with the LEA's Business Office to ensure budgeted items are categorized according to their proper class/object code. These "working papers" will serve as a guide for expenditures and will be used to complete the grant application. These "working papers" should enumerate the specific cost items that are totaled in the "Remaining 'Class/Object Code' That Does Not Require Specific Approval" sections of the grant application.

The budget may be modified or revised as necessary to accommodate changes. If applicable, an amendment to the grant application will be performed to match the revised budget.



The federal grant manager coordinates with the LEA's Business Office to ensure budgeted items are categorized according to their proper class/object code. These "working papers" will serve as a guide for expenditures and will be used to complete the grant application. These "working papers" should enumerate the specific cost items that are totaled in the "Remaining 'Class/Object Code' That Does Not Require Specific Approval" sections of the grant application.

The budget may be modified or revised as necessary to accommodate changes. If applicable, an amendment to the grant application will be performed to match the revised budget.

Program Specific: IDEA-B:

Prior to submitting the initial grant application for IDEA-B funds, the LEA performs the Preliminary Excess Costs calculation and the Maintenance of Effort (MOE) analyses to determine compliance with the MOE Eligibility Standard and to determine if the LEA is eligible for MOE Voluntary Reduction.

Preliminary Excess Cost Calculation for IDEA-B

The Special Education Director performs the **Preliminary** Excess Cost calculation by August 1, using an estimate of financial expenditures data from the LEA's unaudited general ledger. The Special Education Director notifies the position responsible for the grant application that the calculation has been performed, thus enabling the LEA to certify compliance in the grant

application. Supporting documentation, including data and calculations, will be maintained in the Special Education Records and Business Office for audit and monitoring purposes
Refer to “Excess Cost for IDEA-B” under “Program-Specific Fiscal Compliance” in the “Spending Grant Funds” section of this manual for procedures related to the **Final** Excess Cost calculation with actual, audited data.

MOE Eligibility Standard for IDEA-B and Voluntary Reduction

The Special Education Director performs MOE analyses for the MOE Eligibility Standard and MOE Voluntary Reduction option by August 1. The Special Education Director notifies the position responsible for the grant application that the analyses have been performed, thus enabling the LEA to submit the special education grant application to TEA in a timely manner.

Supporting documentation, including the data and calculations, will be maintained business office and special education records for audit and monitoring purposes.

This LEA is not a member of a special education SSA.

Refer to “MOE Compliance Standard for IDEA-B” and “MOE Voluntary Reduction” under “Program-Specific Fiscal Compliance” in the “Spending Grant Funds” section of this manual for procedures related to the MOE Compliance Standard and final determination of eligibility for the MOE Voluntary Reduction option.

Program Specific: ESSA

Budget meetings start in the spring and continue into the summer. All campus administrators, Federal Program Director and Director of Special Education, Assistant Superintendent of Business and Superintendent are involved in the meeting. If the NOGA amount changes after it is issued then appropriate changes are made in the budget. Local funds will be used to cover and decrease in the NOGA from its original budget.

Program Specific: Title II and Title VI

When the GAN/NOGA is received, the Federal Programs Director will compare the approved NOGA with the grant application to identify any budget revisions TEA may have required before issuing the approval. Any applicable revisions to the local budget and working papers will be performed by the Federal Programs Director. The copy of the approved application and GAN/NOGA will be provided to the responsible business/accounting office.

Reviewing and Approving the Budget

Please refer to "Preparation of Budget" under the "Budgeting" section of this manual for information on whether grant budgets and amendments require board approval.

By summer, the all campus administrators, Federal Program Director and Director of Special Education, Assistant Superintendent of Business and Superintendent reviews the items in the budget to ensure allowability. Please refer to "Determining Allowability of Costs Before Submitting the Grant Application" under the "Spending Grant Funds" section of this manual for allowability procedures. Once Federal Program Director determines that all budgeted items are allowable, the budget is sent to Assistant Superintendent of Business for final review and approval. Generally, the budget receives final approval by Superintendent. The budget is then given to the business office and it is added into the financial software.

Budgeting projections are performed by the Fedral Program Director. The Fedral program Director compiles data using the LEA's "working papers" Federal Budget 20xx-20xx to ensure budgeted amounts match allocations.

The Assistant Superintendent of Business 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, grant 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 Federal Program Director. The Federal Program Director ensures that the LEA meets TEA's deadlines for submittal of grant applications and amendments. The Federal Program Director certifies and submits the completed eGrants application.

After Receiving the GAN/NOGA for Federal and State Programs

Budget meetings start in the spring and continue into the summer. All campus administrators, Federal Program Director and Director of Special Education, Assistant Superintendent of Business and Superintendent are involved in the meeting. If the NOGA amount changes after it is issued then appropriate changes are made in the budget. Local funds will be used to cover and decrease in the NOGA from its original budget.

When the GAN/NOGA is received, the Federal Programs Director will compare the approved NOGA with the grant application to identify any budget revisions TEA may have required before issuing the approval. Any applicable revisions to the local budget and working papers will be performed by the Federal Programs Director. The copy of the approved application and GAN/NOGA will be provided to the responsible business office.

The Assistant Superintendent of Business 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 Assistant Superintendent of Business as expenditures are incurred.

The Assistant Superintendent of Business 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

The Federal Program Director and Director of Special Education make budget amendment requests. All budget amendments are approved by the school board at monthly meetings ab documentation is kept in the Business Office and offices of Federal Program Director and Director of Special Education.

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 Assistant Superintendent of Business throughout the grant period as a control measure.
The LEA follows the TEA guidelines for submitting federal and state grant amendments. The Federal Program Director and Director of Special Education monitors the deadlines for each grant to ensure amendments are submitted in a timely manner.

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.

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 in Class/Object Code 6100 for a line item (i.e., a position type).
  - Increase or decrease the number of positions previously approved in Class/Object Code 6100 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 code 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 in Class/Object Code 6100 by more than 20%.
  - Add a type of position not initially approved in Class/Object Code 6100.
  - Add any new items in Class/Object Code 6600.
  - Increase the quantity of any items previously approved in Class/Object Code 6600.

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

The Assistant Superintendent of Business 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 Assistant Superintendent of Business.

The amendment to the grant application is certified and submitted by Assistant Superintendent of Business.

Upon receipt of the NOGA, the Assistant Superintendent of Business records the approved amendment in the accounting records either by memorandum entry or by journal entry.

The local 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 amounts.

The budget for each federal award is recorded in the general ledger in accordance with the designated 3-digit fund code specified in TEA's FASRG's Financial Accounting & Reporting (FAR) guide. The Assistant Superintendent of Business loads the budget into the general ledger. Obligations/encumbrances and expenditures are recorded in the general ledger for each federal award.

On a regular basis monthly, the Assistant Superintendent of Business compares actual expenditures or outlays with budgeted amounts for each federal award. The Business Office performs budget reporting weekly. Department or campus administrators are met with if there is a significant difference in expenditures and budget.

Federally-Funded Employees Working on Multiple Cost Objectives

Refer to the "Reconciliation and Closeout Procedures" in the "Time Distribution Procedures" section of this manual for procedures on performing cost reconciliation for federal-funded employees working on multiple cost objectives.

Monitoring Expenditures

The Assistant Superintendent of Business will monitor cash flow statements and fund balances and will perform bank reconciliations on a monthly basis.

The Assistant Superintendent of Business 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. According to TEA's "New EDGAR Regulations FAQ" document, excessive carryover or lapsing federal funds indicates higher level of risk and may indicate poor planning, poor program implementation, poor fiscal management, and potentially poor performance outcomes. For grants with carryover provisions, LEAs should plan for the expenditure of funds in the 15-month grant period and use the 12-month carryover period to expend remaining funds due to unforeseen circumstances.

The following special allotments from the Foundation School Program (FSP) are monitored quarterly by the Federal Program Director 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.

Budget Evaluation

The Assistant Superintendent of Business and federal Program Director 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.

Accounting Records

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 with generally accepted accounting principles (GAAP). The accounting system must meet at least the minimum requirements prescribed by the commissioner, subject to review and comment by the state auditor. Refer to the "Accounting Code Structure" section below.

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.

Refer to the "Record Keeping" section of this manual for records retention procedures.

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.

The Assistant Superintendent of Business is responsible for ensuring the minimum 15-digit account code is used to record all accounting transactions. Accounting entries are periodically reviewed for accuracy, including tracking a purchase through the entire process, by the Assistant Superintendent of Business on a monthly basis.

Local Option Codes:

Federal Funds: 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,
- Coordinated Early Intervening Services (CEIS), if applicable,
- "Freed-Up Funds" spent on ESEA/ESSA activities, if the LEA qualifies for MOE (Maintenance of Effort) Voluntary Reduction and chooses to exercise the option,
- SHARS (School Health and Related Services) Reimbursement spent on subsequent special education expenditures, if applicable

Federal Funds: CISD does not use local option codes for Federal Funds.

State Funds: SCE (State Compensatory Education):

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.

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.

State Funds: Cuero ISD uses the local option code for visually impaired funding –fund 385.

Chart of Accounts:

Appendix A 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 option codes are included, as well as a chart of accounts that identifies funds reserved for various grant requirements.

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.

All accounting records are kept at the business office maintained by the AP clerk and Assistant Superintendent of Business. They are reviewed and approved by the Assistant Superintendent of Business. There are four types of accounts: revenue, expenditures, assets and liabilities. Revenue is the amount of money coming into the district and expenses is the amount of money going out of the district. Assets are property or items owned by the district and liabilities are the district's financial obligations.

The Business Office is responsible for maintaining the official accounting records of the LEA. All grant budgets are entered into the accounts of the LEA in the general ledger. Funds are accounted for and records are kept in accordance with the requirements in TEA's FAR Guide.

The chart of accounts provided in the FAR Guide provides the framework for the accounting system, and the LEA uses the accounting terminology specified in the FAR Guide and generally accepted accounting principles (GAAP). The Assistant Superintendent of Business is responsible for reviewing accounting entries for accuracy and appropriate classification. Journal entries are made by the Assistant Superintendent of Business into the financial software. There are several reoccurring journal entries that are done monthly.

The Business Office maintains on paper and electronically original source documentation to support all expenditures recorded in the general ledger. Source documentation may include, but is not limited to, purchase orders/requisitions, invoices, itemized receipts, travel authorizations and travel vouchers, contracts, proof of delivery, copies of checks, bank statements, etc. The Business Office maintains on paper and electronically original source documentation to support all expenditures recorded in the general ledger. Source documentation may include but is not limited to purchase orders/requisitions, invoices, itemized receipts, travel authorizations and travel vouchers, contracts, proof of delivery, copies of checks, bank statements, etc. Each transaction is supported with original source documentation, it is filed/stored in both the accounts payable files and the federal program files by the account payable clerk and Federal Programs Director. If information is illegible then additionally copies are acquired through the appropriate vendor or employee.

If electronic source documentation is maintained, the LEA ensures the documentation is easily retrievable and is readable in accordance with the requirements in 2 CFR §200.335.

Please refer to the "Record Keeping" section of this manual for records retention procedures.

Accounting Controls

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

The Assistant Superintendent of Business utilizes a monthly reconciliation checklist that is reviewed by Superintendent on a monthly basis.

The Assistant Superintendent of Business reviews financial statements for accuracy on a monthly basis and sends out weekly expenditure reports.

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

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

The Assistant Superintendent of Business ensures the LEA's annual financial reports (AFR) and compliance reports are submitted to TEA within 150 days after the end of its fiscal year.

The Assistant Superintendent of Business ensures its audit report package is submitted to the Federal Audit Clearinghouse (FAC) by the applicable deadline: the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period, in accordance with 2 CFR §200.512.

Spending Grant Funds

Direct and Indirect Costs

While developing and reviewing the grant budget, the Federal Program Department and Business Office should keep in mind the difference between direct costs, indirect costs, and administrative costs.

All costs must be properly and consistently identified as either direct or indirect in the accounting system. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs. 2 CFR §200.413(a).

According to 2 CFR §200.412 Classification of Costs: There is no universal rule for classifying costs as either direct or indirect under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the Federal award or other final cost objective. Therefore, it is essential that each item of cost incurred for the same purpose be treated consistently in like circumstances either as a direct or an indirect cost in order to avoid possible double-charging of Federal awards.

Federal guidelines for determining direct and indirect costs are described in 2 CFR §§200.412-417.

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

Direct Costs:

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:
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.
Indirect costs usually support areas that benefit all activities of the LEA, such as accounting, budgeting, human resources, purchasing, information technology, building maintenance, etc.

Administrative Costs:
Generally, administrative costs are normal and customary expenses of administration. Some administrative costs are considered direct costs, while other administrative costs are considered indirect costs. For example, the payroll costs of a federal program director are considered a direct cost because the director is administering a specific grant. The payroll costs of the director of human resources are considered an indirect cost because the human resource director's duties benefit more than one cost objective.

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 6.5), "administration" is not defined in EDGAR. Various program statutes include useful information related to defining the term. For any program that does not have a statutory definition of administration, the LEA should define administration of the grant program in its local policy or procedures consistently for all federal grant programs.

Determining Whether a Cost is Direct or Indirect:

Identification with the federal award, rather than the nature of the goods and services involved, is the determining factor in distinguishing direct from indirect costs of federal awards. Typical costs charged *directly* to a federal award are the compensation of employees who conduct program activities for that award (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. 2 CFR §200.413(c).

Direct charging of these administrative 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 or TEA; and
- The costs are not also recovered as indirect costs. 2 CFR §200.413(c).

Indirect Cost Rate:

TEA, as the cognizant agency, approves federal indirect cost rates for LEAs in Texas, according to 34 CFR §§75.561 and 76.561. The rates are calculated using costs specified in the LEA's indirect cost plan/proposal submitted to TEA. The rates are effective July 1 through June 30 of each year.

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

The Assistant Superintendent of Business is responsible for extracting the required information to be included in the indirect cost rate/proposal and submitting it to TEA. The Assistant Superintendent of Business is responsible for deciding whether to apply for the rate annually, or to request an extension of the current rate.

Applying the Indirect Cost Rate:

The LEA must have a current, approved federal indirect cost rate to charge indirect costs to a federal grant. Once the LEA has an approved indirect cost rate, the percentage is multiplied against the actual direct costs (excluding distorting items specified by TEA or other awarding agency, such as the portion of each contract in excess of $30,000, subgrants, capital outlay, debt service, 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. For example, if *administrative* costs are limited to 5% for a particular federal program, the total *direct administrative costs* plus *indirect* costs claimed for the grant cannot exceed 5%.

Budgeting and Charging for Indirect Costs:

Indirect costs may be budgeted in the grant application in the corresponding line item, although that is usually optional. Regardless of the amount budgeted for indirect costs, indirect costs can only be charged to the grant based on actual expenditures of direct costs. Therefore, if the LEA does not expend all of its funds during the grant period, the maximum amount of indirect costs budgeted based on the total grant award cannot be charged to the grant. Prior to finalizing expenditures for the grant and submitting the final expenditure report to TEA or other awarding agency, the LEA adjusts the final amount charged to the indirect costs based on the actual expenditures. The Assistant Superintendent of Business is responsible for monitoring the amount of indirect costs charged to the grant and making adjustments, as necessary.

Determining Allowability of Costs: 2 CFR Part 200 Subpart E – Cost Principles

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

Expenditures must be aligned with budgeted items in the approved grant application. Certain changes or variations from the TEA-approved grant application need prior approval, according to TEA's guidance document on "When to Amend the Application."

Refer to "Amending the Budget for Federal and State Programs" under the "Budgeting" section of this manual for procedures for amending the budget and grant application.

When determining how the LEA will spend its grant funds, Assistant Superintendent of Business and federal Program Director will review the cost to determine whether it is an allowable use of federal grant funds:

- *Before* submitting the grant application
- *After* receiving the NOGA
- *Before* obligating and spending federal funds on the proposed good or service
- *After* the cost item is purchased and received, to ensure it is being used for its intended purpose

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

Cost guidelines outlined in 2 CFR Part 200 (included in EDGAR) 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, Part A, 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.

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, or a patient lift is necessary for a special education 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).

Grant funds are allocated by student need and are discussed by district administrators. Funds are dispersed are several meetings to figure the greatest student needs.

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 1.11), LEAs must have "allowability of costs" procedures for identifying costs to be charged to each federal grant. The new allowability of costs procedures would govern how funds are obligated to Title I, Part A campuses in conjunction with federal statute and/or program regulations on campus allocations, as applicable.

Supporting documentation for allocations will be maintained by the Federal Program Director and Assistant Superintendent of Business for audit and monitoring purposes.

Please note: For the special education program, in accordance with TEA's Program Guidelines for the Special Education Consolidated Grant application, any item that is used by general education students cannot be split-funded with IDEA-B funds. The fund source used for general education students must be used for the entire cost of the item. IDEA-B funds may only be used for items that are supplemental to those used by all students and/or address the unique needs of the child that results from the child's disability. IDEA-B funds must be used only to pay the excess cost of providing special education and related services to children with disabilities and must not be used to pay for all costs directly attributable to the education of a child with a disability.

- **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. Another example applies to travel – personnel whose travel is paid with federal funds are reimbursed at the same rates as personnel whose travel is paid with state or local funds, and the grant is charged accordingly.

- **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. Expenditures that are not supported by source documentation cannot be charged to the grant.

- **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.

  Refer to the LEA's Travel manual for policy and procedures on travel-related benefits, such as airfare miles and hotel points, and for policy and procedures on travel advances.

  Refer to the LEA's Procurement Manual for procedures on rebates and discounts received on purchase cards, if applicable.

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.

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

More Restrictive State Rules

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 4.14), "Hosting conferences, field trips (entertainment), out-of-state travel, travel, and procurement all have State rules that are more restrictive than the EDGAR regulations.

Hosting conferences, field trips, and out-of-state travel are **generally unallowable** under State policy unless they are specified in the program guidelines of the specific grant application.

State travel rules to not allow per diem allowances, but rather require only reimbursement of actual costs expended by the traveler (not to exceed established thresholds). Specific documentation for travel expenses is also required under State travel rules.

State procurement rules are more restrictive at various procurement levels for school districts and ESCs."

Refer to the LEA's Procurement and Travel manuals for detailed policy and procedures.

Additional Considerations for Allowability

Most federal programs contain the supplement, not supplant requirements. In general, this means the LEA cannot use federal funds to pay for a cost or activity that is usually supported by state or local funds.

Refer to "Planning the Grant Budget" under "budgeting for Federal and State Grants" in the "Budgeting" section of this manual for procedures related to Supplement Not Supplant.

In addition to the "Basic Considerations" and "General Provisions for Selected Items of Cost" described above, the following conditions should also be met:

- Based on an identified need, concern, or area of weakness within the grant program
- Appropriate under the authorizing program statute
- Consistent with the underlying needs of the program in that it benefits the intended population of students or teachers for which the funds are appropriated
- Budgeted in the approved grant application

- In most cases, supplemental to the core foundation program of the school and to other activities normally conducted by the school (i.e., supplement, not supplant)
- Be included in the schoolwide plan if the school is a Title I schoolwide program
- Be consistent with TEA's Guidelines Related to Specific Costs
- Be allowable according to local policy

Fiscal and program staff should also reference "Questions to Consider When Determining Allowability of Cost with Federal Funds", located in this manual, when making allowability determinations.

All LEA employees engaged in federally-funded activities should be familiar with the allowability of costs factors.

Determining Allowability of Costs <u>Before</u> Submitting the Grant Application:

The Federal Program Director determines items to budget with the grant funds and determines allowability.

The Assistant Superintendent of Business reviews the items in the budget to ensure allowability.

If the Assistant Superintendent of Business determines that a cost is not allowable, then the expenditures are either funded by local funds are not funded at all.

Once Federal Program Director determines that all budgeted items are allowable, the budget is sent to Assistant Superintendent of Business for final review and approval.

Please refer to the program specific section in "Budgeting for Federal and State Grants" under the "Budgeting" section of this manual for budgeting specifics for the various grant programs.

Determining Allowability of Costs <u>After</u> Receiving the NOGA:

When the NOGA is received, the Federal Program Director will compare the approved NOGA with the grant application to identify any budget revisions TEA may have required before issuing the approval. The NOGA also provides information regarding the award that the federal program director and business office will need to be aware of.

Determining Allowability of Costs <u>Before</u> Obligating and Spending Funds:

Before the federal funds are obligated or expended, the Federal Programs Director ensures expenditures with grant funds are for allowable costs, as approved in the grant application, and are used for the intended beneficiaries and program.

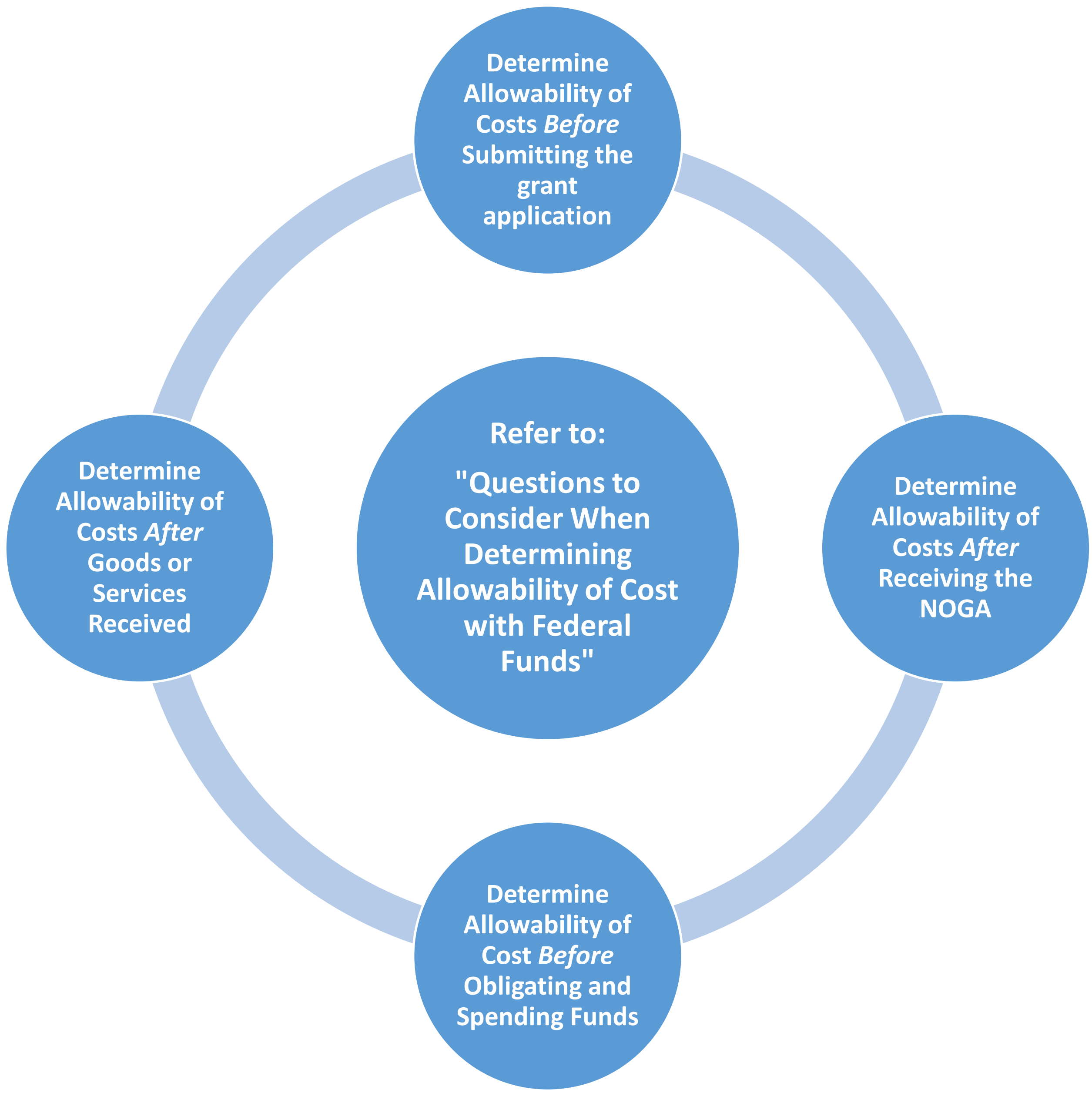
The Federal Programs Director ensures obligations or expenditures are not incurred prior to the effective date, based on the period of obligation established in EDGAR and based on the effective date of the NOGA.

Throughout the grant period, the budget is used as a control measure. The budget is monitored by the Assistant Superintendent of Business as expenditures are incurred.

Determining Allowability of Costs <u>After</u> Goods or Services are Received:

The Federal Programs Director will ensure the cost item purchased with federal funds 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).

Cycle of Determining Allowability of Costs



Program-Specific Fiscal Compliance

IDEA-B Fiscal Compliance:

MOE (Maintenance of Effort) Compliance Standard

The Assistant Superintendent of Business 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. Supporting documentation, including the data and calculations, will be maintained in the business office for audit and monitoring purposes.

Refer to TEA's IDEA-B LEA Maintenance of Effort (MOE) Guidance Handbook for guidance.

Please refer to "MOE Eligibility Standard for IDEA-B and Voluntary Reduction" under "Budgeting for Federal and State Grants" in the "Budgeting" section of this manual for procedures related to the MOE Eligibility Standard.

SHARS (School Health and Related Services)

The LEA participates in the SHARS (School Health and Related Services) reimbursement program. The LEA does not use the SHARS reimbursement revenue for subsequent special education expenditures.

The Special Education Director is responsible for submitting the SHARS Reimbursement Report to TEA annually. All LEAs that receive IDEA-B funds, regardless of whether the LEA participates in the SHARS program, are required to submit the report to TEA. Member districts of a special education shared services arrangement (SSA), whose fiscal agent receives IDEA-B funds on their behalf, are also required to submit the report. This LEA is not a member of a special education SSA.

Supporting documentation will be maintained business office for audit and monitoring purposes.

MOE Voluntary Reduction

The Assistant Superintendent of Business will determine if the LEA qualifies for the Voluntary Reduction option for MOE and, if so, whether the LEA chooses to exercise the option. The Special Education Director will be notified in a timely manner for reporting on 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 Formula Final (maximum) entitlements are released by TEA.

If the LEA chooses to exercise the option of Voluntary Reduction, the Assistant Superintendent of Business will ensure compliance with the eligibility criteria. The Assistant Superintendent of Business will track the "freed up" funds by using a local option code to ensure these funds are spent on ESEA/ESSA activities.
Supporting documentation, including the data, calculations, and the tracking of proper expenditure of the "freed up" funds, if applicable, will be maintained business office for audit and monitoring purposes.

Please refer to "MOE Eligibility Standard for IDEA-B and Voluntary Reduction" under "Budgeting for Federal and State Grants" in the "Budgeting" section of this manual for procedures related to the preliminary determination of eligibility for the MOE Voluntary Reduction option.

Excess Cost for IDEA-B

The Assistant Superintendent of Business will perform the Excess Cost calculation twice a year. An initial, **preliminary** calculation, based on estimated expenditures from the LEA's unaudited general ledger, will be performed prior to the submittal deadline for the new grant year's initial Special Education Consolidated grant application. Please refer to "Preliminary Excess Cost Calculation for IDEA-B" under "Budgeting for Federal and State Grants" in the "Budgeting" section of this manual for procedures related to the preliminary calculation.

A **final** calculation will be performed with prior year actual, audited financial data when the data becomes available. The Final Excess Cost calculation will be performed in time before the submittal deadline of the grant application.

Supporting documentation will be maintained business office for audit and monitoring purposes.

Refer to TEA's Excess Costs Guidance Handbook for guidance.

Proportionate Share for Parentally-Placed Private School Children with Disabilities [N/A for Charter Schools]:

The Special Education Director 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 proportionate share requirement is not applicable to charter schools or to any ISD that does not have private schools (including home-schooled children) in their jurisdiction.

The Special Education Director will compile the data required on the Private School schedule of the Special Education Consolidated grant application and provide to the Assistant Superintendent of Business prior to the submittal deadline for the new grant year's initial application.

The Special Education Director 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 final (maximum) entitlements.

The Special Education Director and Assistant Superintendent of Business will track proportionate share expenditures by using a local option code 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 Assistant Superintendent of Business will make the necessary adjustments, if applicable.

Supporting documentation of the calculations and monitoring of funds and expenditures will be maintained business office audit and monitoring purposes.

CEIS (Coordinated Early Intervening Services):

If the LEA reserves IDEA-B funds for Coordinated Early Intervening Services (CEIS), the Special Education Director will track CEIS expenditures by using a local option code to ensure funds are used for the intended purpose.

The Special Education Director will be responsible for tracking CEIS activities and students served according to the federal reporting requirements for CEIS.

The Special Education Director will be responsible for compiling the required data and reporting to TEA by the deadline established by TEA.

Supporting documentation will be maintained in the business office for audit and monitoring purposes.

ESSA:

Since the LEA reserves ESEA funds, the Federal Program Director will track CEIS expenditures by using a local option code to ensure funds are used for the intended purpose. The Federal Program Director will be responsible for tracking CEIS activities and students served according to the federal reporting requirements for CEIS. The Federal Program Director 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 Federal Program Director in the administration office. The Federal Program Director will be responsibe for fiscal compliance related to ESEA, such as Maintenance of Effort for ESSA, Equitable Services for Private School Children, Comparability, Ranking of Campuses for Multiple Attendance Area, Services to Homeless Students Attending Campuses Not Served by Title I, Part A, Set-Aside Funds for School Improvement, District-Wide Parental Involvement Activities, and/or Set-Aside Funds for Professional Development for Highly Qualified.

Travel Costs

Please refer to the LEA's Travel Manual, located at in the business office for travel procedures.

Participant Support Costs

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 4.1), "2 CFR §200.75 states that participant support costs means direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (non-employees) in connection with conferences, or training projects. Educational field trips are not participant support costs, but rather generally fall under entertainment.

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 4.4), an example of a stipend for a non-employee is providing a nominal payment for a parent's time to attend a training while the parent misses work. According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 4.8), travel for parents attending a conference is not considered a field trip. However, it is considered participant support costs.

Participant support costs require approval. The LEA will follow TEA's instructions located on the TEA website under the heading of "Request for Prior Approval, Disclosure, and Justification Forms" located at:
http://tea.texas.gov/Finance_and_Grants/Grants/Administering_a_Grant/Request_for_Prior_Approval,_Disclosure,_and_Justification_Forms/

The Special Education Director will ensure the "Request for Approval of Participant Support Costs" form is completed and submitted to TEA, if applicable. A copy of the forms is maintained locally with the Special Education Director.

According to TEA's website, TEA is providing pre-approval for certain types of activities that are required, and therefore allowable, by certain grants. In those instances, the LEA will complete, download, and maintain locally the TEA pre-approved forms. The Special Education Director ensures the applicable forms are maintained locally.

Field Trips

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 4.1 and 4.4), field trips generally fall under the category of entertainment. Entertainment is unallowable with federal funds unless it has a programmatic purpose. TEA policy defines educational field trips as generally unallowable unless they are identified as allowable in the program guidelines to the specific grant application.

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 6.2), field trips will only be allowed with federal funds if explicitly identified as allowable in the program guidelines to the application for the particular grant program and included in the grant application.

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 4.10), community-based instruction identified in the student with disabilities' IEP (individualized education program) is considered special education related services rather than a field trip.

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 4.11), extended learning experiences in out-of-school-time programs, such as 21st Century Community Learning Center (CCLC) grants, are not considered a field trip under TEA's new policy.

Justification for Educational Field Trips paid from federal funds

The Special Education Director will ensure the "Justification of Specific Expenditures: Educational Field Trips" form is completed and maintained locally, if applicable. The forms will be made available to TEA upon request. A copy of the forms is maintained locally with the Special Education Director.

The form is obtained from the TEA website under the heading of "Request for Prior Approval, Disclosure, and Justification Forms" located at:

http://tea.texas.gov/Finance_and_Grants/Grants/Administering_a_Grant/Request_for_Prior_Approval,_Disclosure,_and_Justification_Forms/

Cash Management

Cash Management for Federal Funds 2 CFR §200.305

According to 2 CFR §200.305(b), 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.

Generally, the LEA receives payment of federal funds from the Texas Education Agency (TEA) on a reimbursement basis, via the Expenditure Reporting (ER) system. 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.

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 3.1 and 3.3), the LEA's payment system is required to minimize the number of days between the disbursement (mailing, delivering, or electronically submitting the payment) and the drawdown from the ER system. If the LEA cannot meet this requirement and keeps cash on hand in the LEA's bank account, it is an indication that the LEA does not have good internal controls indicating a higher risk under the new EDGAR rules. When the LEA has cash on hand from federal grant funds, interest begins to accrue from the date of receipt of the drawdown and will be required to be remitted back to the federal government once the total aggregate amount of interest earned on federal grant awards equals $500.

The Assistant Superintendent of Business 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 Assistant Superintendent of Business ensures compliance with the interest requirements.

Payment Methods

***Reimbursements*:**

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 3.1, 3.3, 3.6, 3.8), reimbursement is defined as drawing down funds on, or after, the day the LEA has mailed, delivered, or submitted an electronic payment for the federal program purpose.

The drawdown can also be considered a reimbursement, if the LEA initially charges federal grant expenditures to non-federal funds and then seeks reimbursement with federal funds.

All reimbursements are based on actual disbursements, not on obligations.

Reimbursements of actual expenditures do not require interest calculations. Refer to the "Expenditure Reporting System" section in this manual for procedures on expenditure reports for federal awards.

***Advances*:**

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 3.1 and 3.8), cash advance is defined as the LEA drawing down funds in advance of when it will issue the payment for the federal program purpose, unless the cost was first paid out of non-federal funds and then claimed for reimbursement from federal funds.

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 payment date is the actual date of disbursement, not the date encumbered or scheduled for payment according to the accounting treatment.

The LEA normally draws down no sooner than three days prior to disbursement. The LEA must make timely payment to contractors in accordance with the contract provisions.

The Assistant Superintendent of Business determines when advance payments are necessary.

Payroll: Reimbursement or Advance Payment

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 3.1), "By definition, payroll accruals are wages, salaries, the related payroll taxes, TRS and IRS payments, and benefits that have been earned by an organization's employees but have not yet been paid by the organization. The payroll accruals should not be claimed for reimbursement until they are reversed and paid out as payroll expenditures.

Generally, advance or reimbursed payments depend on the type of payroll drawn down from TEA's Expenditure Reporting (ER) system. To be a reimbursement under the cash management system, the drawdown from the ER system must be no earlier than the day the payment is mailed, delivered, or electronically submitted."

Payroll as Reimbursement:

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 3.1), "If the LEA draws down ***only*** the amount to be paid to the employees on the date the employees are paid – leaving an accrual balance in the accrued wages payables account in the LEA's accounting system – then the drawdown is a reimbursement.

Payroll as Cash Advance:
According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 3.2), if liabilities, such as TRS or IRS payments, are drawn down at the same time the LEA draws down the employee's paycheck amount, but are not paid to these entities until a later date, **these liability amounts are a cash advance.** If instead, the liabilities, such as TRS and IRS payments, are drawn down on the date the payments are submitted to these entities, it would be a reimbursement.

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 3.1), "If the LEA were to draw down a payroll accrual that has been earned for that month, but is not paid [to IRS or TRS, for example, until a later date], then it is a cash advance. The LEA's payment system is required to minimize the number of days between the disbursement (mailing, delivering, or electronically submitting the payment) and the drawdown from the ER system. If the LEA cannot meet this requirement and keeps federal grant cash on hand in the LEA's bank account, it is an indication that the LEA does not have good internal controls, indicating a higher risk under the new EDGAR rules…Cash on hand from federal funds in the LEA's local bank account must be held in an interest-bearing account [unless the LEAs qualifies for an exception; refer to the "Interest-Bearing Account" section of this manual] and the LEA's accounting system must be able to track the interest earned to the federal program fund source."

The LEA does not pay all payroll costs out of non-federal funds first.

The Assistant Superintendent of Business will monitor payroll payments to determine if any portion of the payment is actually an advance rather than reimbursement.

Refer to TEA's "New EDGAR Regulations FAQ" guidance document (q. 3.1) regarding the difference between reimbursement and advance payment for employees on a 10-month contract but paid over 12 months.

Depository Account

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.

Insured Account

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.

Interest-Bearing 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

Interest Remittance

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 for this purpose to be coats associated with normal business office expenses.

The Assistant Superintendent of Business identifies and tracks the interest earned on federal cash advances and retains $500 for administrative purposes.

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). The Assistant Superintendent of Business is responsible for remitting the remainder of the earned interest to the federal government on an annual basis.

The LEA calculates interest using an average interest rate.

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 3.7 and 4.13), regardless of the date of the obligation, interest begins to accrue (is calculated) from the date that the federal funds are deposited into the LEA's bank account, when drawn down from TEA's ER system (for TEA administered grants) or from the USDE's G5 system (for direct grant programs from USDE). Interest continues to accrue until the date the payment is made (disbursed) for the grant expenditure (the date the payment is mailed, delivered, or electronically submitted).

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 3.6), interest is earned only under the cash advance method of payment for federal funds.

Expenditure Reporting System (TEA's system)

General Process:

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

TEA requires a standard format for reporting expenditures for grants funded through TEA. Reports are submitted electronically through the automated Expenditure Reporting (ER) system by class/object code. The LEA will submit expenditure reports periodically, such as monthly, to indicate that grant activities and expenditures are occurring as planned and there are no major delays in the project. The LEA will submit the final expenditure report for the specific program by the deadline determined by TEA and published on the Grant Opportunities page of the TEA website.

The LEA uses Skyward to prepare the expenditure reports (drawdown requests).

The Assistant Superintendent of Business in the LEA's business offcie submits the expenditure reports in the ER system.

Each report is certified by the Assistant Superintendent of Business, an official who is authorized to legally bind the LEA. The certification complies with the requirements of 2 CFR §200.415: "By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise."

Detailed Process:

The Assistant Superintendent of Business 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 Assistant Superintendent of Business or designee will generate a General Ledger Summary report in the LEA's accounting 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 Assistant Superintendent of Business 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 Assistant Superintendent of Business or designee 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 Assistant Superintendent of Business 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 Assistant Superintendent of Business is responsible for reviewing and approving federal expenditure reports through the certification process of the ER system. The [position title] ensures draw down requests will not exceed the threshold amount established by TEA. The Assistant

Superintendent of Business ensures final expenditure reports, and revised final expenditure reports, if applicable, are submitted by the deadlines established by TEA.

The Assistant Superintendent of Business will inform the Federal Program Director, that records cash receipts for the LEA, of each draw and to which account code(s) to post the revenue.

Consistent with state and federal requirements, the LEA 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. Assistant Superintendent of Business

Local Cash/Check Handling

All cash and checks will be presented to the campus principal or designee 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 or designee.

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. All cash and checks shall be deposited to the campus secretary/bookkeeper on a daily basis. No post-dated checks will be accepted. Funds should 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 should be made - every dollar collected should be receipted and deposited to the campus secretary/bookkeeper. The campus secretary/bookkeeper shall receipt and transfer all monies on a daily basis to the administration office. If they cannot be transferred, then the monies may be kept in a secure locked campus safe until transferred to the administration office. All deposits are made by the district accounts payable clerk. Personal employee checks shall 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. Petty Cash Accounts: Cuero ISD does not authorize the use of Petty Cash.

Petty Cash

The LEA does not authorize the use of Petty Cash.

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 daily. The accounts payable 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 on file prior to travel or purchases.

Returned Checks

In the event that a check written to any LEA campus, club, or organization is returned unpaid by the bank, the LEA or its check return agent, check return agent here, will redeposit the check electronically. In the event that the agent is unsuccessful in collecting returned checks, the agent will send those checks to the DeWitt County District Attorney's office for collection. Additionally, a returned check fee of at least $3 plus any and all state-authorized recovery fees and applicable sales tax will be imposed.

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.

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.

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.

Timely Obligation of Funds

When Obligations are Made

Obligations are orders placed for property and services, contracts and sub awards made, and similar transactions during a given period that require payment by the non-Federal entity during the same or a future period. 34 CFR §200.71. Basically, an obligation is a commitment to pay.

The Federal Program Director determines that the timing of obligations are compliant with the following table. It is also reviewed by Assistant Superintendent of Business and Superintendent to ensure compliance.

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

*Registration fees may be obligated as Personal Services by a Contractor, or as Travel, at the discretion of the LEA. Refer to the LEA's Procurement Manual for more information.

Period of Availability of Federal Funds

In accordance with 34 CFR §76.707, all obligations must occur on or between the beginning and ending dates of the grant project. 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 (Federal Grants Administered by TEA):

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. This consists of an initial grant period of 15 months (i.e., July 1 – September 30 of the following year), plus a 12-month carryover period authorized by the "Tydings Amendment."

In accordance with 34 CFR §76.709, the Tydings Amendment extends the period of availability for applicable state-administered program funds and permits recipients to "carryover" any funds left over at the end of the initial 15 month period into the next year for an additional 12 months.

While funds not obligated during the initial 15-month grant period remain available as carryover in the subsequent 12-month period, the LEA will plan to spend to the best of its ability all current grant funds within the initial 15-month period and limit the amount of carryover. Some federal programs have limitations on the percentage of funds that may be carried over.

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

Usually, TEA discretionary grants do not have a carryover period. The LEA may submit a request to TEA to extend the ending date of the project/NOGA if such an extension is allowable pursuant to the guidelines related to a particular grant.

Carryover is done from one year to the next and kept track of by the Federal Program Director and/or Special Education Director.

Direct Grants (Grants Received Directly from the Federal Government):

Cuero ISD does not receive direct grants.

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

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).

The Federal Programs Director provides final approval and writes the notice. The written notice must include the reasons for the extension as well as the revised period of performance. Describe this requirement when detailing what the written notice must include. Include a timeframe for the approval/sending the notice. OR: State that the LEA does not receive direct grants.

The Federal Programs Director requests a program extension, make the final decision and writes the notice. The written notice must include the reasons for the extension as well as the revised period of performance. Describe this requirement when detailing what the written notice must include. Include a timeframe for the approval/sending the notice. OR: State that the LEA does not receive direct grants.

Liquidation of Obligations

The LEA must liquidate (i.e., either make the final payment because the goods or services were received during the grant period, or cancel the obligation because the goods or services were not received during the grant period) all obligations incurred under the award in accordance with the requirements of TEA or other awarding agency. For TEA-administered formula grants, liquidation is usually within 30 calendar days after the ending date of the grant, to coincide with submittal of the final expenditure report to TEA. For direct grants from the Department of Education, liquidation may not be later that 90 days after the end of the funding period unless an extension is authorized. 2 CFR §200.343(b).

According to CFR §200.343(d), any funds not obligated within the period of availability or not liquidated within the appropriate timeframe are said to lapse and must be returned to the awarding agency. Lapsing of funds is usually considered to be an indicator of poor planning and may cause the LEA to be identified as high risk. Therefore, the LEA should closely monitor grant spending throughout the grant cycle.

The Federal Programs Director and Assistant Superintendent of Business meet too determine that all obligations are liquidated prior to submittal of the final expenditure report to TEA or other awarding agency. The Federal Programs Director and Assistant Superintendent of Business both monitor obligations and unobligated balances to ensure an excessive amount of funds are not carried over or do not lapse.

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.

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). 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

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 9.10), "Program income must be used for current costs of the grant program. Program income not anticipated at the time of the receipt of the NOGA must be used to reduce the NOGA rather than to increase the total amount of funds committed to the grant program…What this means is that the subgrantee is encouraged to generate program income to be used to pay for current expenses of the grant program. The subgrantee may not generate more program income than it expends in the program. This would result in a reduction of the grant NOGA because it is unallowable to generate or keep profit from a federal grant award. Generally, when more program income is generated than the total expenditures of the grant program, and the NOGA award is not reduced accordingly, profit has been earned from the federal grant award."

Program Income Includes:

According to 2 CFR §200.80, 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 (for example, user fees generated from equipment sharing),
- The sale of commodities or items fabricated under a federal award (for example, the sale of items made in the Career and Technology (CTE) class or the special education Life Skills class or the Community-Based Instruction (CBI) class),
- License fees and royalties on patents and copyrights, and
- Principal and interest on loans made with federal award funds (when allowed).

Program Income Is Not:

According to 2 CFR §200.80, program income is <u>not</u>:

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

Use of Program Income

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

Deduction Method:

The default method for the use of program income for the LEA is the deduction method. According to 2 CFR §200.307(e)(1), ordinarily program income must be deducted from total allowable costs to determine the net allowable costs. Program income must be used for current costs unless the federal awarding agency authorizes otherwise. 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 (LEA) contributions rather than to increase the funds committed to the project.

The method for reporting program income to TEA and **reducing** the federal award is pending guidance from TEA.

Addition Method

According to 2 CFR §200.307(e)(2), with prior approval of the federal awarding agency, program income may be added to the federal award by the federal agency and the non-federal entity (LEA). The program income must be used for the purposes and under the conditions of the federal award.

The LEA must request prior approval to use the addition method by using the required form "Request to Add Program Income to Federal or State Grant Award and Expand Delivery of Programmatic Services" accessible on TEA's website at:
http://tea.texas.gov/Finance_and_Grants/Grants/Administering_a_Grant/Request_for_Prior_Approval,_Disclosure,_and_Justification_Forms/

The Federal Program Director will ensure the required form is completed and submitted to TEA, if applicable. A copy of the form is maintained locally with the business office.

Refer to the "Procedures for Program Income" section of this manual for additional information.

Income After the Period of Performance

According to 2 CFR §200.307(f), 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.

Procedures for 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.

Refer to TEA's "New EDGAR Regulations FAQ" document for guidance concerning how student-generated products from CTE courses might be considered program income.

If program income is generated by (a) income for fees for services performed, (b) the use or rental of property acquired under federal awards, or (c) the sale of commodities or items fabricated under a federal award, the Federal Program Director reports program income to the Assistant Superintendent of Business on a monthly basis. The Federal Program Director documents the program income.

Please refer to "Shared Used of Equipment" and "Use of Supplies to Provide Services to Other Organizations" in the "Property Management System" section of this manual for additional procedures.

The Federal Programs Director identifies program income generated by (a) license fees and royalties on patents and copyrights or (b) principal and interest on loans made with federal award funds. The program income is reported to the Federal Programs Director monthly.

The following, at a minimum, will be identified in the financial management/accounting system:

- Federal award that generated the program income,
- Description of the service, item, etc. by which program income was generated,
- If authorized by federal regulations or the federal award, costs incidental to the generation of program income that may be deducted from gross income to determine program income, provided these costs have not been charged to the federal award,
- Amount of program income generated

The Federal Program Director determines if the LEA desires to use the addition method, rather than the deduction method, for use of program income. If so, the Federal Program Director will complete the required request form accessible on TEA's website and submit to TEA. The Federal Program Director will monitor the result of the request and proceed accordingly, if approved or denied. The Federal Program Director will maintain documentation of the results of the request and how the program income was subsequently administered.

If the deduction method is used, the process for reporting program income to TEA and reducing the federal award is pending guidance from TEA. The LEA will follow the TEA procedures, once TEA guidance has been released. In the meantime, the program income will be tracked, and documentation maintained, by the Federal Program Director.

PROCUREMENT SYSTEM

The LEA's procurement policies and procedures comply with the procurement standards outlined in 2 CFR §200.317-326.

Refer to the LEA's Procurement Manual.

PROPERTY MANAGEMENT SYSTEM

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 OR lower amount].

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.

Inventory Procedure

According to 2 CFR §200.302(b)(4), the LEA's financial management system must provide for effective control over, and accountability for, all funds, property, and other assets. The LEA must adequately safeguard all assets and assure they are used solely for authorized purposes.

Inventory items are defined as equipment with a unit value of $500 or more. Other items with a unit value under $500 are also tracked and tagged, such as: TVs, VCRs, digital cameras, camcorders, PDAs, laptops, ipads, ipods, and other items that may have a personal use. Any small, technology item that is susceptible to being stolen or being used in an unauthorized manner must be inventoried, regardless of the threshold dollar amount.

These assets are tracked and recorded on the LEA's inventory tracking system. A physical inventory is performed annually by the department directors/heads and the results are reconciled with inventory records. Inventory items that are stolen, obsolete, damaged beyond repair, etc. should be reported to the Assistant Superintendent of Business for removal from the LEA's inventory tracking system. Inventory items are tracked for insurance purposes.

Inventory Records

In accordance with 2 CFR §200.313(d)(1), for each equipment and computing device purchased with federal funds, the following information is maintained Assistant Superintendent of Business for removal from the LEA's inventory tracking system:

- Description of the property;
- Serial number or other identification number;
- Source of funding for the property (including the FAIN);
- Who holds title*;
- Acquisition date;
- 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.

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

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

Below are the Cuero ISD procedures for lost, stolen or damaged items:

1) A police report must be filed with the Cuero 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.
2) A Lost or Stolen Equipment Form must be completed and sent to the Administration Office within five (5) business days of the incident.
3) 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."

Physical Inventory

According to 2 CFR §200.313(d)(2), a physical inventory of the property must be taken and the results reconciled with the property records at least once every two years. (TEA's recommendation: perform physical inventory annually.)

The LEA performs physical inventory on an annual basis.

These assets are tracked and recorded on the LEA's inventory tracking system. A physical inventory is performed annually by the department directors/heads and the results are reconciled with inventory records. Inventory items that are stolen, obsolete, damaged beyond repair, etc. should be reported to the Assistant Superintendent of Business for removal from the LEA's inventory tracking system. Inventory items are tracked for insurance purposes.

Fixed (Capital) Assets

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 1.13), equipment must be tracked until it is properly disposed and removed from the LEA's inventory.

Fixed (capital) assets are tracked and recorded on the LEA's inventory system by the Assistant Superintendent of Business and the financial general ledger by the Assistant Superintendent of Business.

A physical inventory is performed annually by the Federal Programs Director or department head and the results are reconciled with inventory records.

All missing items are investigated by the Assistant Superintendent of Business. Fixed (capital) assets that are stolen, obsolete, damaged beyond repair, etc. are reported to the Assistant Superintendent of Business for removal from the LEA's financial records.

Refer to "Lost or Stolen Items" in this section for procedures for lost or stolen items.

Supplies and Computing Devices

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 1.13), "In order to provide flexibility and not require LEAs to track every individual supply purchased with federal funds, TEA has adopted a statewide policy requiring assets to be tracked if the supplies are non-consumable, regardless of the useful life of the item."

TEA's General and Fiscal Guidelines states, "While items such as tablet computers, netbooks, and laptops may not meet the capitalization level established by the subgrantee or TEA, it is strongly recommended that these items be inventoried, tracked, and monitored as they are highly mobile and susceptible to loss."

Inventory items are defined as equipment with a unit value of $500 or more. Other items with a unit value under $500 are also tracked and tagged, such as: TVs, VCRs, digital cameras, camcorders, PDAs, laptops, ipads, ipods, and other items that may have a personal use. Any small, technology item that is susceptible to being stolen or being used in an unauthorized manner must be inventoried, regardless of the threshold dollar amount.

Maintenance and Insurance

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

According to TEA's "General and Fiscal Guidelines" document, only the grant funds used to purchase equipment/supplies may be used to pay for repairs to that equipment/supplies. If the equipment/supplies is no longer needed for the original grant, and its use has been transferred to another federal grant, as appropriate, repairs may be purchased with funds from the receiving grant.

The Maintenance Director is in charge of all maintenance equipment and it's up keep. He will do an annual inspection of all equipment. He will inform the Business Office if any equipment needs to be repaired or replaced. The same procedures are in place for all technology by the Technology Director.

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

Lost or Stolen Items

In accordance with 2 CFR 200.313(d)(3), a control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.

Cuero ISD does allow employees to take their issues computers off site. They are checked in at the end of the year by the technology department. All items are marked "Property of Cuero ISD."

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

1) A police report must be filed with the Cuero 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.
2) A Lost or Stolen Equipment Form must be completed and sent to the Administration Office within five (5) business days of the incident.
3) 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."

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 Technology Director should determine preventive measures to take to avoid further incidents of lost or stolen items.

Use of Equipment 2 CFR §200.313

According to 2 CFR §200.313(c)(1), equipment purchased with federal funds 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. Additionally, the non-federal entity (LEA) must not encumber the property without prior approval of the federal awarding agency.

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

For equipment to be transferred to a non-federal program or to be disposed, the LEA follows TEA's Disposition of Equipment procedures. Refer to the "Disposal of Equipment Purchased From Federal Funds" section of this manual.

Procedures for transferring the equipment to another federal program or to a non-federal program are described in the "Transfer of Equipment" section of this manual.

Shared Use of Equipment

According to 2 CFR §200.313(c)(2), during the time that equipment is used on the project or program for which it was acquired, the non-federal entity (LEA) must also make equipment 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.*

The Federal Program Director is responsible for determining if a program-specific statute or regulation is more restrictive and does not allow equipment sharing and determines if the district will share equipment.

If equipment sharing is allowable, 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 must be given to programs or projects under federal awards from other federal awarding agencies. Use for non-federally funded programs or projects is also permissible. The Federal Program Director will ensure that use by other programs or projects follows this order of priority.

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 1.12 and 1.14), "The item purchased [with federal funds] is required under EDGAR to be made available for use by another program area; however, you may be required to allocate the cost of the usage to the other program if it exceeds the incidental use standards. If the usage does not exceed 5% of the time and does not impede intended beneficiaries from having access to the service, then the incidental benefit use does not require another program area to be charged for the time the equipment is used. If the item, such as a computer lab, is on a Title I, Part A schoolwide campus and was purchased with the consolidated schoolwide budget, it may be used by any program area that is included in the campus improvement plan to upgrade the entire educational program of the campus. If the campus has a separate discretionary grant that is not included in the campus improvement plan, the campus would be required to allocate the cost of the use of the item to that program if it exceeds the incidental use criteria."

User Fees

User fees should be considered if appropriate. However, according to 2 CFR §200.313(c)(3), the non-federal entity (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.

The Federal Program Director determines whether it would be more feasible to charge a user fee for the portion of time the equipment is not being used by the intended beneficiaries or whether the original cost of the equipment should be split-funded (allocated) between the programs that will use the equipment. First, if the use of the equipment by another program is incidental (5% or less) and not precluding the intended beneficiaries, the equipment may be shared without charging a user fee or allocating a portion of the cost. Otherwise, the percentage of time and frequency that the equipment is used by another program will determine whether a user fee should be charged or whether the other program should share in the acquisition cost of the equipment.

If the decision is made to charge a user fee, the Federal Program Director determines the fee amount that should be charged by first determining the amount a private company would charge for equivalent services. Federal Programs Director will solicit at least three rate quotes from companies to receive a fair and equal value for usage.

The Federal Program Director tracks the program income generated by the user fees and ensures the income is credited to the proper grant program. Please refer to the "Program Income" section of this manual for procedures on program income.

Schoolwide Campus

Note: According to TEA's "New EDGAR Regulations FAQ" document, "If the item, such as a computer lab, is on a Title I, Part A schoolwide campus and was purchased with the consolidated schoolwide budget, it may be used by any program area that is included in the campus improvement plan to upgrade the entire educational program of the campus. If the campus has a separate discretionary grant that is not included in the campus improvement plan, the campus would be required to allocate the cost of the use of the item to that program if it exceeds the incidental use criteria."

The LEA does not consolidate funds for a Title I, Part A schoolwide campus.

User Fees for Supplies to Provide Services to Other Organizations

According to 2 CFR §200.314(b), as long as the federal government retains an interest in the supplies, the non-federal entity (LEA) must not use supplies acquired under a federal award to provide services to other organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by federal statute.

The Federal Program Director determines whether supplies purchased with federal funds are used to provide services to other organizations. The Federal Program Director determines the amount of a user fee that is not less than private companies charge for equivalent services.

The Federal Program Director reports the program income to the Assistant Superintendent of Business for proper accounting of program income. Please refer to the "Program Income" section of this manual for procedures on program income.

Acquiring Replacement Equipment

According to 2 CFR §200.313(c)(4), when requiring replacement equipment, the non-federal entity (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.

The Federal Program Director determines if equipment purchased with federal funds will be used as a trade-in for replacement equipment, or will be sold to use the proceeds to offset the cost of the replacement equipment.

The LEA will follow disposition of equipment procedures described in the "Disposal of Equipment Purchased with Federal Funds" section of this manual

Transfer of Equipment

The Federal Program Director will determine if equipment purchased with federal funds is no longer needed for the original program or project and will make the equipment available for other federal programs or projects.

The Federal Programs Director will advertise on the LEA's internal website the availability of the equipment, pending disposition approval by TEA; provide a process for other programs to submit a request to receive the equipment; use a hierarchy chart to ensure compliance with the order of priority for which program or project to transfer the equipment to.

For equipment to be transferred to a non-federal program or to be disposed, the LEA follows TEA's Disposition of Equipment procedures. Please refer to the "Disposal of Equipment Purchased From Federal Funds" section of this manual.

Once approval to transfer the equipment is received by TEA, [describe the process to transfer the equipment. Once approval to transfer the equipment is received by TEA, the Federal Programs Director notifies the program/project/department that will be receiving the equipment. The Transfer of Equipment form is completed and signed by supervisor of the originating campus/program. The form is then sent to the receiving campus/program for signature by the supervisor. The original form with both signatures is forwarded to the Federal Programs Department for proper recording of the changes in the financial management/accounting system and updates to inventory records.

Supporting documentation will be maintained business office for audit and monitoring purposes.

Disposal of Equipment Purchased from Federal Funds 2 CFR §200.313(e)

According to 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 non-federal agency (LEA) must request disposition instructions from the federal awarding agency if required by the terms and conditions of the federal award. Currently, the "request for disposition instructions" are submitted to TEA.

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 1.15), disposition of equipment is required for any equipment with an **original** per unit acquisition cost of at least $5,000 or the LEA's capitalization threshold, whichever is lower, regardless of the current fair market value. After identifying the equipment that requires a disposition request to be filed, the LEA will complete TEA's Inventory Disposition Request form.

The Inventory Disposition Request form must be submitted for all equipment that meets the **original** acquisition cost criteria notated above, but only items with a ***current, fair-market value*** exceeding $5,000, regardless of initial purchase price, are required to be listed individually on the disposition form.

The LEA must seek disposition approval prior to the actual disposition of the equipment. Reasons for removal may include that the equipment is no longer operable, was destroyed, was stolen, or is no longer needed.

The Federal Program Director is responsible for submitting the Inventory Disposition Request form to TEA. The request form is accessible on TEA's website.

Current Fair-Market Value of $5,000 or Less

According to 2 CFR §200.313(e)(1), items of equipment with a current per unit fair market value (FMV) of $5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the federal awarding agency. Upon receipt of disposition approval by TEA, via the Inventory Disposition Request form, the Federal Program Director and Technology Director will dispose of the equipment and maintain documentation of the disposition. The Assistant Superintendent of Business and Federal Program Director will revise inventory records, as applicable.

Current Fair-Market Value in Excess of $5,000

According to 2 CFR §200.313(e)(2), items of equipment with a current per unit fair market value (FMV) in excess of $5,000 may be retained by the non-federal entity (LEA) or sold. The federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the federal awarding agency's percentage of participation in the cost of the original purchase.

Upon receipt of disposition approval by TEA, via the Inventory Disposition Request form, the Federal Program Director and Technology Director will dispose of the equipment and maintain documentation of the disposition. The Federal Program Director and Assistant Superintendent of Business will revise inventory records, as applicable. The Federal Program Director and Assistant Superintendent of Business will determine the amount of the proceeds to which the federal awarding agency is entitled and will follow TEA procedures for remitting the proceeds.

EDGAR requires recipients to establish sales procedures to ensure the highest possible return. If the LEA chooses to sell the equipment, the Federal Program Director is responsible for the process. After receiving disposition approval from TEA, approved equipment may be sold or traded under one of the following conditions:

- By competitive bidding through the Federal Program Department. Al least one offer must be received.
- By negotiated bid for items valued under $1000 as approved by the Federal Program Department.
- By a public auction or a predetermined price set by the Superintendent and Federal Program Director.

If the federal awarding agency is entitled to the federal share of the current market value or sales proceeds, the Federal Program Director is responsible for the accounting and submittal of the funds, according to procedures established by TEA.

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 Federal Program Director is responsible for determining the appropriate method of disposition.

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

Disposal of Unused Supplies Purchased from Federal Funds 2 CFR §200.314

According to 2 CFR §200.314(a), if there is a residual inventory of unused supplies exceeding $5,000 in total aggregate value upon termination or completion of the project or program and the supplies are not needed for any other federal award, the non-federal entity (LEA) must retain the supplies for use on other activities or sell them, but must, in either case, compensate the federal government for its share.

If the unused supplies can be used in another federal program, the LEA will follow the same procedures and documentation process it uses for equipment that is transferred to another federal program when no longer needed for the original program. Refer to the “Use of Equipment” and “Transfer of Equipment” sections of this manual.

The amount of compensation to the federal government must be computed in the same manner as for equipment. Please refer to the “Disposal of Equipment Purchased with Federal Funds” section of this manual for computation of federal share procedures. The Federal Program Director will determine the amount of the proceeds to which the federal awarding agency is entitled and will follow TEA procedures for remitting the proceeds.
TEA approval is required for disposition of unused supplies when the aggregate amount of the supplies exceeds $5,000 or the LEA’s capitalization level, whichever is lower.

The Federal Program Director is responsible for submitting the Inventory Disposition Request form to TEA. The request form is accessible on TEA’s website.

Upon receipt of disposition approval by TEA, the Federal Program Director will dispose of the unused supplies accordingly and maintain documentation of the disposition. The LEA will follow the same procedures used for equipment. Please refer to the “Transfer of Equipment” and “Disposal of Equipment Purchased with Federal Funds” sections of this manual.

Disposal of Equipment and Unused Supplies Purchased from Non-Federal Funds

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 LEA does not have inventory at PNP is responsible for ensuring the proper administration of property, equipment, and supplies placed in a private school for the provision of equitable services.

Sale of Surplus Property

All supplies and equipment which are deemed to be surplus (not of any use to the LEA), will be recommended to the School Board for sale via a Surplus Sale. At least one Surplus Sale may be scheduled per year.

TEA approval for disposition of equipment and aggregate amounts of unused supplies is required for (a) any equipment with an original per unit acquisition cost of at least $5,000 or the LEA's capitalization level, whichever is lower, or (b) an aggregate amount of unused supplies that exceeds $5,000 or the LEA's capitalization level, whichever is lower.

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 Federal Programs Director 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 and School Board.

COMPENSATION POLICIES and PROCEDURES

The allow ability of various types of personnel compensation costs with federal funds is dependent on whether they are spent in accordance with written policies and procedures.

Please refer to the LEA's Employee Handbook located at the business office and online at www.cueroisd.org .

Allowable Compensation

Compensation for employees paid from federal funds will be in accordance with the established written policy for compensation for all employees. The written policy will be consistently applied among all employees, whether paid from state, local, or federal funds, in accordance with 2 CFR §200.430(a). Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits.

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

- Is reasonable for the services rendered and conforms to the established written policy of the LEA consistently applied to both federal and non-federal activities;
- Follows an appointment made in accordance with the LEA's rules or written policies and meets the requirements of federal statute, where applicable; and
- Is determined and supported by documentation that meets the federal Standards for Documentation of Personnel Expenses illustrated in 2 CFR §200.430(i).

All information is contained in the Cuero ISD Teacher Handbook.

Reasonable Compensation 2 CFR §200.430(b)

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

The cost of fringe benefits in the form of

Professional Activities Outside the LEA 2 CFR §200.430(c)

Unless an arrangement is specifically authorized by TEA or other awarding agency, the LEA must follow its written policies and practices concerning the permissible extent LEA employees may provide professional services outside the LEA for non-LEA compensation.

If a policy does not exist or does not adequately define the permissible extent of consulting or other non-LEA activities undertaken by an employee for extra outside pay, the federal government may require that the effort of professional staff working on federal awards be allocated between:

- LEA activities and
- Non-LEA professional activities

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

The LEA does allow its employees to provide professional services outside the LEA for non-LEA compensation. If allowed, the employee must submit the Conflict of Interest form, as described below.

Conflict of Interest Related to Professional Activities Outside the LEA

Any employee wishing to perform professional services outside the LEA and receive payment for such services by another entity must complete, sign, and submit the LEA's Conflict of Interest form prior to agreeing to perform professional services outside the LEA. The purpose of the Conflict of Interest form is to disclose the nature of the professional services to be performed outside the district to ensure a conflict of interest does not exist for the LEA.

The Conflict of Interest form is obtained at the business office and is submitted to the Assistant Superintendent of Business for review and determination of whether a potential conflict of interest exists.

Unallowable and Allowable Compensation Costs, Special Considerations, and Incentives 2 CFR §200.430(d)-(f)

The LEA complies with other compensation requirements pertaining to allowable and unallowable costs with federal funds, as specified in 2 CFR §200.430(d)-(f), including:

- Compensation for certain employees of cost-reimbursement contracts covered under 10 USC 2324(e)(1)(P); 41 USC 1127; and 41 USC 4304(a)(16);
- Changes in compensation resulting in a substantial increase in the LEA's employees' level of compensation; and

- Incentive compensation based on cost reduction, efficient performance, suggestion awards, safety awards, etc.

When practical, the LEA also adheres to the "Suggested Areas for Consideration of Internal Control Structure" for areas of employee compensation that could require internal control procedures, as described in TEA's FAR Guide.

Compensation – Fringe Benefits 2 CFR §200.431

In accordance with 2 CFR §200.431, fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave, employee insurance, pensions, and unemployment benefit plans. Except as provided elsewhere in 2 CFR Part 200, the costs of fringe benefits are allowable with federal funds provided that the benefits are reasonable and required by law, LEA-employee agreement, or an established policy of the LEA.

Such benefits must be allocated to Federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are chargeable to such Federal awards and other activities, and charged as direct or indirect costs in accordance with the LEA's accounting practices.

Refer to 2 CFR §200.431 for EDGAR requirements related to fringe benefits.

Please refer to the LEA's Employee Handbook located at the business office and online at www.cueroisd.org .

Recruitment Costs 2 CFR §200.463

In accordance, with 2 CFR §200.463(b), special emoluments, fringe benefits, and salary allowances incurred to attract professional personnel that do not meet the test of reasonableness or do not conform with the LEA's established practices, are unallowable with federal funds.

Please refer to the LEA's Employee Handbook located at the business office and online at www.cueroisd.org .

Relocation Costs of Employees 2 CFR §200.464

Definition: Relocation costs are costs incident to the permanent change of duty assignment (for an indefinite period or for a stated period of not less than 12 months) of an existing employee or upon recruitment of a new employee. According to 2 CFR §200.464, relocation costs with federal funds are allowable, subject to the limitations enumerated in 2 CFR §200.464. If the employee resigns for reasons within the employee's control within 12 months after hire, the LEA must refund or credit the federal share of such relocation costs to the federal government. 2 CFR §200.463(c).

Reimbursement to the employee must be in accordance with the LEA's established written policy consistently followed by the LEA.

The costs must also be allowable according to program statute. The most restrictive rule governs.

The LEA does not allow relocation costs with federal funds.
The LEA does allow relocation costs with non-federal funds. This must be approved by the Superintendent and School Board.

Position Control

The LEA utilizes internal accounting records for each employee position:

a) Request to Post Position: Responsibility of department head/principal
b) Advertisement of Position: Responsibility of superintendent's secretary
c) Personnel Recommendation: Responsibility of principal/department supervisor
d) Employee Job Description: Responsibility of principal/department supervisor
e) Employee Data Sheet: Responsibility of principal/department supervisor
f) Payroll Authorization New Employee Form: Responsibility of principal/department supervisor
g) Annual Employee Salary Information Confirmation: Responsibility of Assistant Superintendent of Business
h) Transfer Form to move from one position or department to another: Responsibility of principal/department

The Assistant Superintendent of Business ensures all wage changes and annual salaries and deductions are accurately tracked and recorded. The Assistant Superintendent of Business ensures employee salaries are allocated to the proper general ledger accounts. The Assistant Superintendent of Business title ensures payroll taxes and deductions are properly calculated.

The LEA ensures that payroll authorization records identify each employee's funding sources and pay rates, including approved stipend amounts, if applicable.

The LEA ensures that an Extra Duty Pay Agreement form is completed and signed by employees authorized for extra-duty and/or after-school activities. The form clearly outlines the duties and responsibilities and funding source(s) for the activities.

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.

According to TEA's "New EDGAR Regulations FAQ" document, maintaining signed job descriptions is not a state or federal requirement; however, it is considered to be an internal control activity that signifies the employee's understanding of his or her respective job duties. Auditors and monitors often consider the lack of a signed job description to be an indicator of poor internal controls which, in combination with other poor controls, could lead to an audit or monitoring finding or comment. Therefore, LEAs should maintain signed job descriptions for all staff paid in full or in part with federal funds or staff paid with other funds whose salary is used to meet a federal matching or cost sharing requirement.

Each employee must have a current job description on file. The immediate supervisor or manager is responsible for developing a complete and accurate job description for each employee under his or her supervision. Employee job descriptions are signed and dated by the employee as acknowledgement that the employee has full knowledge of their duties and responsibilities and the programs under which they are working. 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 Superintendent Secretary 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 Fedral Program Director 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.

Please refer to the LEA's Employee Handbook located at the business office and online at www.cueroisd.org .

Employee Exits

An employee is required to give a two week notice for termination of employment. If not, termination will show this was not done and may show refusal to rehire employee. All ISD issued equipment and items must be turned in before the last day of work.

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 immediate supervisor is responsible for ensuring compliance with this requirement.

Please refer to the LEA's Employee Handbook located at the business office and online at www.cueroisd.org .

Time Distribution (Documentation of Personnel Expenses) 2 CFR §200.430(i)

Time Distribution Standards

All employees who are paid in full or in part with federal funds 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 distribution records, are maintained in order to appropriately charge the costs of personnel compensation to federal grants. Current and up-to-date job descriptions for each employee are also maintained.

In accordance with 2 CFR §200.430(i)(1)(i-vii), 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 control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into the official records of the LEA;
- Reasonably reflect the total activity for which the employee is compensated by the LEA, not exceeding 100% of compensated activities;
- Encompass both federally assisted and all other activities compensated by the LEA on an integrated basis, but may include the use of subsidiary records as defined in the LEA’s written policy;
- Comply with the established accounting policies and practices of the LEA;
- Support the distribution of the employee’s salary or wages among specific activities or costs objectives if the employee works on:
  - More than one federal award
  - A federal award and a non-federal award
  - An indirect cost activity and a direct cost activity
  - Two or more indirect activities which are allocated using different allocation bases, or
  - An unallowable activity and a direct or indirect cost activity
- Budget estimates alone do not qualify as support for charges to federal awards. Refer to “Reconciliation and Closeout Procedures” in the “Compensation Policies and Procedures” section of this manual.

Time Distribution Procedures

Despite the lack of specific rules in the new EDGAR requiring certain signatures or certain periods of certification, it’s very possible that auditors may interpret the requirement that records “must be supported by a system of internal controls which provides reasonable assurance” as including the need for certain signatures or periods of certification. Because of that uncertainty, it is generally recommended there be no changes to the LEA’s time distribution system, if the LEA believes they are in compliance with the previous EDGAR rules, until auditors begin to interpret these new standards.

The LEA follows the previous EDGAR rules from A-87 for time distribution reporting.

The Federal Program Director and Special Education Director certify all employees paid with federal funds bi-annually: once in January and once in June.

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 Human Resources Department incorporates the Time Distribution Reports into the LEA's official records.

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.

Cost Objectives

According to 2 CFR §200.28, cost objective means a program, function, activity, award, organizational subdivision, contract, or work unit for which cost data are desired and for which provision is made to accumulate and measure the costs of processes, products, jobs, capital projects, etc. A cost objective may be a major function of the LEA, a particular service or project, a federal award, or an indirect cost activity.

Title I, Part A Schoolwide Program

A Title I Part A schoolwide program is considered a single cost objective, but has different implications depending on the types of funding consolidated on the schoolwide program. Refer to TEA's guidance on Schoolwide Programs for additional information.

Cost Sharing or Match

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

Contractors are not subject to the Time Distribution Reporting requirement.

Programs Covered Under Ed-Flex Waiver

Employees whose salaries are fully funded by grant programs covered under Texas' Ed-Flex waiver are not required to submit the **Periodic/Semi-Annual Certification*** form, as described in the "Single Cost Objective" section of this manual, as long as Texas remains an Ed-Flex state, and an accurate, up-to-date job description is on file. The job description, signed and dated by both employee and supervisor, must clearly state that the employee is assigned 100% to the covered grant program.

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 8.9), only the semi-annual certification requirement is waived under Texas' Ed-Flex administrative waiver.

The Ed-Flex waiver is **not applicable** to time distribution reporting for employees working on multiple cost objectives; it is only applicable to those working on a single cost objective. Additionally, federal law prohibits states from using their Ed-Flex authority to waive any IDEA requirements, therefore, employees funded by IDEA-B are not subject to this waiver. Most programs covered by the Ed-Flex waiver are authorized by (ESSA).

Refer to the Ed-Flex Waivers page on TEA's website at:
http://tea.texas.gov/About_TEA/Laws_and_Rules/ESSA_and_ESEA/Ed-Flex/Ed-Flex_Waivers/
*Please note: Although there is no periodic/semi-annual certification standard described in the new EDGAR regulations, it is advised that LEAs follow the previous EDGAR rules to ensure time distribution documentation standards are met.

Extra-Duty or After-School Activities Pay:

The LEA requires time distribution reports if extra-duty and/or after-school activities are paid with federal funds.

If the extra-duty and/or after-school activities are funded from ***local funds***, but the regular position is funded from ***federal funds***, the employee submits the appropriate time distribution report for their regular position only. Time distribution reporting is not required for the extra-duty and/or after-school activities paid from local funds.

If the extra-duty and/or after-school activities are funded from ***federal funds***, but the regular position is funded from ***local funds***, the employee submits the appropriate time distribution report only for the extra-duty or after-school activities. Time distribution reporting is not required for the regular position paid from local funds.

If **both** the extra-duty and/or after-school activities **and** the regular position are funded from ***federal funds***, the following options are available for the time distribution reports:

- If the regular position activities and the extra duty and/or after-school activities all fall under the **same** single cost objective, the employee completes the Periodic/Semi-Annual Certificate, covering all activities, clearly notating on the semi-annual certificate the certificate covers both the regular position and the extra-duty and/or after-school activities.
- If the regular position activities and the extra duty and/or after-school activities are **easily separated from one another** and both are a **separate single cost objective** (one single cost objective for the regular assignment and a different single cost objective for the extra duty and/or after-school activities, the employee completes **two** separate Periodic/Semi-Annual Certifications, one for the regular position and one for the extra-duty and/or after-school activities.
- If the regular position falls under **multiple cost objectives**, the employee completes the monthly PAR or substitute system, if applicable, for the activities of the regular position and a separate Periodic/Semi-Annual Certification for the extra-duty and/or after-school activities (clearly notating on the semi-annual certificate the certificate covers extra-duty and/or after-school activities only).

Stipends

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 9.3), in the past, the term "stipend" was generally used only for non-employees when expending federal grant funds. According to a new interpretation of the terminology, stipends may be used interchangeably with extra-duty pay for employees and may also be used for non-employees.

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 8.4 and 9.3), federal funds may pay for salary and benefits for positions that benefit the federal program. Stipends for an advanced or preferred degree or specific position may be paid from federal funds only in the same manner that is consistent with local salary schedules and local policy. Note that if stipends are paid with federal funds, time and effort documentation must be maintained and the amount to be paid from federal funds must be reasonable and necessary.

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 9.3), stipends should not be paid for personal cell phone usage. If the employee needs a cell phone to be in constant contact with central office and is traveling a sufficient amount of time between campuses, the LEA must determine whether it will provide a cell phone for business use to the staff member and follow local policy. [Insert a section in this manual regarding the LEA's cell phone policy.]

If stipends for degrees, certain positions, or professional development, etc. are paid to employees with federal funds, the following procedures are used, as applicable:

If the stipend is funded from ***local funds***, but the regular position is funded from ***federal funds***, the employee submits the appropriate time distribution report for their regular position only. Time distribution reporting is not required for the stipend paid from local funds.

If the stipend is funded from ***federal funds***, but the regular position is funded from ***local funds***, a Periodic/Semi-Annual Certificate is completed by the employee for the stipend only. The certificate clearly indicates the certificate is for the stipend. In lieu of the certificate completed by the employee for the stipend, the supervisor may complete a periodic/semi-annual blanket certificate that lists all the employees receiving a particular type of stipend. Time distribution reporting is not required for the regular position paid from local funds.

If **both** the stipend **<u>and</u>** the regular position are funded from ***federal funds***, the employee completes the appropriate time distribution report for the regular position, as applicable. A separate Periodic/Semi-Annual Certificate is completed by the employee for the stipend. The certificate clearly indicates the certificate is for the stipend. In lieu of the certificate completed by the employee for the stipend, the supervisor may complete a periodic/semi-annual blanket certificate that lists all the employees receiving a particular type of stipend.

Substitute Teachers and Aides, as employees of the LEA:

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 8.3 and 8.6), time and effort must be documented appropriately for any employee compensation that is paid, in full or in part, with federal funds. The subgrantee [LEA] generally will either have a policy or procedure that all substitute pay is paid from state and/or local, not federal or state grant, funds or the substitute pay follows the same pay as the staff members for whom the substitute is working. If the substitute pay follows the employee's funding distribution, the LEA's after-the-fact documentation must identify the teacher or staff for whom the substitute is working. Either a statement signed by the substitute or other system documentation would be sufficient.

The LEA pays all substitute pay from state and/or local funds. Therefore, Time Distribution Reporting for substitute teachers and aides is not required.

Single Cost Objective (Periodic/Semi-Annual Certification)

The LEA follows the previous EDGAR rules from A-87 for time distribution reporting.

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 are 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. These employees also have on file a signed and dated job description that clearly shows the employee is assigned 100% to the program or single cost objective.

The Periodic (Semi-Annual) Certification is 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 Federal Program Director.

The Periodic (Semi-Annual) Certifications are reviewed semi-annually by the Federal Program Director 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)

The LEA follows the previous EDGAR rules from A-87 for time distribution reporting.

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 are supported by Personnel Activity Reports (PARs), unless the LEA elects to use the Substitute System and the employee qualifies to use the Substitute System.

The PARs reflect an after-the-fact distribution of the actual activity of the employee and account for the total activity for which the employee is compensated, not exceeding 100 percent of compensated activities.

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

The PARs are 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 Federal Program Director for review of accuracy and compliance with Federal requirements, who then forwards to the Federal Program Director for final approval and cost reconciliation.

Charges to the federal grants must be supported by the PARs.

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

Substitute System for Time and Effort Reporting in Lieu of Monthly PARs for Employees Supported by Multiple Cost Objectives

The LEA elects does not 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.

Employee Schedule and Certificate

If the employee is eligible to use the Substitute System, the employee completes 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 completes and submits an updated Employee Schedule and Certification form.

The Employee Schedule and Certification form is 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 Federal Program Director for review of accuracy and compliance with Federal requirements, who then forwards to the Federal Program Director for final approval and cost reconciliation.

Charges to the federal grants must be supported by the Employee Schedule and Certification forms.
Appendix E of this manual provides a sample of the Employee Schedule and Certification form.

LEA Management Certification

The Federal Program Director 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 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.

In accordance with 2 CFR §200.430(i)(1)(viii);(A)-(C), budget estimates (i.e., estimates determined before the services are performed) alone 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;
- Significant changes in the corresponding work activity (as defined in the LEA's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and
- The LEA's system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

Federal accounts are reconciled every month by the Assistant Superintendent of Business. Monthly meetings are held dealing with Federal accounts between the Assistant Superintendent of Business and Federal Program Director. Adjustments to the federal accounts are made annually at the end of the fiscal year. Federal accounts are closed out at fiscal year end with agreement on accounts from the Assistant Superintendent of Business and Federal Program Director.

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:

At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly Time and Effort PARs are made.

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.

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.

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.

Budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances.

The Assistant Superintendent of Business is responsible for performing the cost reconciliation and adjustments.

Note: These reconciliation procedures are based on the previous EDGAR regulations. These procedures may be updated later when additional clarification on the Time Distribution requirements of the new EDGAR are released.

RECORD KEEPING

Record Retention

In general, records document the use of funds, compliance with program and fiscal requirements, and the performance of the grant.

Federal Requirements Regarding Record Retention 2 CFR §200.333

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 five years before the receipt of a program determination letter. 34 CFR §81.31(c). Consequently, records should be maintained for a minimum of five (5) years.

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 1.9), "For USDE grants, the recommendation is **five years past the revised final expenditure reporting date, or closing of any open audit or litigation, whichever is later**. The federal statute of limitations, under 34 CFR §80.31 of the General Education Provisions Act (GEPA), for requesting repayment of funds is five years from the date of obligation even though the new EDGAR states a records retention requirement of three years. Note that GEPA statute of limitations only applies to USDE grants and it does not apply to Higher Education Act grants."

According to TEA's "New EDGAR Regulations FAQ" guidance document (q. 9.8), TEA has a five-year records retention rule for grants.

Note: The LEA adopts a policy of maintaining all records related to federal awards for seven years, to ensure compliance regardless of changing retention laws.

Start Date for Retention Periods

According to 2 CFR §200.333, the retention period of financial records, supporting documents, statistical records, and all other LEA records pertinent to a Federal award begins from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of submission of the quarterly or annual financial report, respectively, 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.

The retention period for real property and equipment acquired with Federal funds begins with the date of final disposition. 2 CFR §200.333(c).

When records are transferred to or maintained by the Federal awarding agency or pass-through entity (TEA), the retention requirement is not applicable to the non-Federal entity (LEA). 2 CFR §200.333(d).

If recipients are required to report program income after the period of performance, the retention period for such records starts from the end of the LEA's fiscal year in which the program income was earned. 2 CFR §200.333(e).

Indirect Cost Rate Proposals and Cost Allocation Plans: If submitted for negotiation to the Federal government or to the pass-through entity (TEA) to form the basis for negation of the rate, the retention period starts from the date of such submission. If not required to be submitted for negotiation purposes, the retention period starts from the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation. 2 CFR §200.333(f).

Requests for Transfer of Records 2 CFR §200.334

If the Federal awarding agency determines that certain records possess long-term retention value, it may request that the LEA transfer records to its custody. However, in order to avoid duplicate recordkeeping, the Federal awarding agency may make arrangements for the LEA to retain any records that are continuously needed for joint use.

The LEA will comply with instructions from the Federal awarding agency, as applicable.

Access to Records 2 CFR §200.336

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.

Privacy and Restrictions on Public Access to Records 2 CFR §200.337

According to 2 CFR §200.337, no Federal awarding agency may place restrictions on the LEA that limit public access to the records of the LEA pertinent to a Federal award, except for protected personally identifiable information (PII) or when the Federal awarding agency can demonstrate that such records will be kept confidential and would have been exempted from disclosure pursuant to the Freedom of Information Act (FOIA).

The Freedom of Information Act (FOIA) does not apply to those records that remain under an LEA's control except as required under 2 CFR §200.315 Intangible Property. Unless required by Federal, state, or local statute, LEAs are not required to permit public access to their records. The LEA's records provided to a Federal agency generally will be subject to FOIA and applicable exemptions.

Employees are trained on the requirements of the Family Educational Rights and Privacy Act (FERPA) every year before the start of school. Employees are told to keep all passwords protected and to change them periodically for security reasons. When documentation is requested, a background check of individual is gone to assure they are allowed the information requested.

State Law Regarding Record Retention

Local governments in Texas, including all independent school districts and open-enrollment charter schools, are required to implement a Records Management Policy, designate a Records Management Officer to oversee the policy, and comply with a Records Retention Schedule.

Records are sent to Cuero ISD archives until picked up, scanned and destroyed by electronic data company. In accordance with Board Policy CPC (Legal), Cuero ISD maintains and preserves original records and/or in electronic format for convenience use. Records are stored in the records room at the Central Office building. Records management consultants update LEA records on a yearly basis. Any records scheduled for destruction are pulled and recorded by the [records consultants] and picked up at a later date for destruction. No records are destroyed without the approval of the Records Management Office. The Central Office maintains the confidentiality statement provided by the records management consultants.

The LEA has designated a Records Management Officer.

Refer to the "Collection and Transmission of Records" section of this manual for procedures related to the LEA's Records Retention Schedule.

The Texas State Library and Archives Commission (TSLAC) administers the records management requirements. Records retention schedules are available on the TSLAC website: https://www.tsl.texas.gov/slrm/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.

Collection and Transmission of Records

Records are kept electronically off site after one year on site in Cuero ISD. Records can be accessed electronically and transmitted the same way. In addition to the record retention policies described in this manual, the following requirements pertain to all financial and programmatic records, supporting documents, statistical records, and other records pertaining to Federal grants:

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 Records Management Officer will ensure it is consistent with the applicable federal and state requirements and the 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 (TSLAC) records retention schedules are available on the TSLAC website at:
https://www.tsl.texas.gov/slrm/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:

a) The subject matter of the record is known to be in litigation;

b) The record is subject to a pending request for disclosure under the Open Records Act;

c) There is an outstanding request to inspect and review the record under the Family Educational Rights and Privacy Act (FERPA);

d) The record is subject to a pending audit by a Federal or State granting agency or subgrantor agency;

e) Questions remain unresolved from a conducted audit until audit findings are solved.

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 (ESSA) – Elementary and Secondary Education Act (ESEA) has no statute of limitations, all records are maintained for that grant program.

Record Format

In accordance with 2 CFR §200.335, the LEA, whenever practicable, will collect, transmit, and store Federal award-related information in open and machine readable formats rather than in closed formats or on paper.

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

The district records administrator does semi-annual checks of record storage on and off site.

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.

Storage of Records

Active records are stored in the records room at the business 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 the storage warehouse. The records retention schedule will identify all records in storage and their location.

Destruction of Records

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:

a) 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;

b) The record appears on a list of obsolete records approved by the Commission;

c) A destruction request is filed with and approved by the Commission (for a record not listed on an approved control schedule);

d) The record destruction or obliteration is directed by an expunction order issued by a district court pursuant to State law;

e) 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 Records Management Officer updates LEA records on an annual basis. Any records scheduled for destruction are pulled and recorded by the Records Management Officer and picked up at a later date for destruction. No records are destroyed without the approval of the Records Management Officer. The Central Office maintains the confidentiality statement provided by the Records Management Officer.

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.

SELF-MONITORING AND AUDIT RESOLUTION

Self-Monitoring and Program Evaluation

The LEA is responsible for oversight of the operations of the federal award-supported activities.

Monitoring by the LEA must cover each program, function, or activity. 2 CFR §200.328

Additionally, the LEA must directly administer or supervise the administration of each project. 34 CFR §76.701.

The LEA will self-monitor implementation of their written policies and procedures. Employees read and sign the employee handbook annually - before the start of each school year or when hired after school has begun. Policies and procedures are reviewed annually.

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

Additionally, the LEA will develop a self-monitoring assessment that will be administered at the end of every year. Corrective actions, including the actions required, the persons responsible, and the target date for completion, will be developed to address any deficiencies.

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

The Federal Program Director 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.

Monitoring Implementation of Written Policies and Procedures

The LEA will self-monitor implementation of their written policies and procedures.

Employees read, sign and date the employee handbook annually - before the start of each school year or when hired after school has begun. Policies and procedures are reviewed annually by the district's administrators and department heads.

Audits

Annual Independent Audit

TEC 44.008 requires that each school district have its fiscal accounts audited annually at district expense by a certified or public accountant (independent of the district) holding a permit from the Texas State Board of Public Accountancy (CPA). Open-enrollment charter schools are also required to have an annual audit in accordance with these requirements.

No portion of the independent audit may be paid from state grant or federal grant funds. The cost to conduct the annual independent audit must be paid from state or local funds.

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

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

Refer to "Accounting Controls" under the "Accounting Records" section of this manual for information related to the submittal of annual audit reports.

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

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

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

Single Audit

In addition to the state-mandated annual audit, federal regulations require that grantees obtain audits in accordance with 2 CFR Part 200, Subpart F – Audit Requirements. LEAs that ***expend*** $750,000 or more total in federal awards (i.e., all of the expenditures added together for all of the federal awards it receives) during the fiscal year are required to have a Single Audit conducted in addition to and in conjunction with the annual independent audit. The cost to conduct the Single Audit can be prorated among the federal programs being audited in proportion to the total award amount of each program.

The audits must be made by an independent auditor in accordance with generally accepted government auditing standards (GAGAS). The auditor is required to identify any significant deficiencies in internal control and any noncompliance with laws, regulations, or grant agreements. The auditor is also required to identify any known questioned costs which are greater than $30,000. Auditors must present the findings in a written report in sufficient detail for the LEA to prepare a corrective action plan and take corrective action.

The auditor assembles the report in accordance with 2 CFR Part 200, Subpart F and submits the audit package to the local board of directors for approval. A copy of the full audit report, including the required annual audit, and the Single Audit or program-specific audit, is submitted to TEA. The auditor must also complete a data collection form that includes certain prescribed information about the LEA and the results of the audit. The LEA must submit the data collection form and a copy of the complete audit package to the Federal Audit Clearinghouse operated on behalf of OMB (Office of Management and Budget).

Refer to “Accounting Controls” under the “Accounting Records” section of this manual for information related to the submittal of annual audit reports.

The Assistant Superintendent of Business ensures the audit package is submitted to the Clearinghouse in a timely manner.

Awarding agencies, including TEA, are required to determine whether their grantees have met the audit requirements. TEA is required to follow their own procedures to determine whether the LEA spent federal funds in accordance with applicable laws and regulations. This includes reviewing an audit to determine if the LEA has a single audit conducted in accordance with 2 CFR §200.514, or through other means if there was no single audit.

TEA audit staff review the audit report and issue a management decision within six months of receiving the package. The management decision (written letter) must inform the LEA whether or not the finding by the auditor is sustained, the reasons for the decision, and the expected action to repay disallowed costs, make financial adjustments, or take corrective action.

According to TEA’s “New EDGAR Regulations FAQ” guidance document (q. 2.4), regardless of whether the single audit is required, the LEA is required to be in compliance with EDGAR.

Audit Resolution

The LEA will review the results of audit and monitoring visits.

The LEA must prepare a corrective action plan for all audit findings, along with the anticipated completion date for each action and who is responsible. The LEA will follow-up on each corrective action to ensure each finding is corrected.

After the audit, the Assistant Superintendent of Business creates a corrective action plan for any and all findings. This is submitted to the auditor for review and then sent to TEA. All of the findings and corrective action plan are reviewed and supervised by the Superintendent.

Questions to Consider When Determining Allowability of Cost with Federal Funds

This section provides helpful questions to ask when determining whether a cost is allowable.

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 item, 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?
        - Does the proposed cost item adhere to the LEA's policies?
    - 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?

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.

- Committee of Sponsoring Organizations of the Treadway Commission (COSO)
    - Internal Control Integrated Framework
        - http://coso.org/IC.htm

- Education Department General Administrative Regulations (EDGAR)
    - EDGAR and Other Applicable Grant Regulations
        - http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html
    - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
        - http://www2.ed.gov/policy/fund/guid/uniform-guidance/index.html

- Federal program statutes, regulations, and guidance
    - http://www.ed.gov/
    - Government Accountability Office (GAO)
    - Standards for Internal Control in the Federal Government
        - http://gao.gov/products/GAO-14-704G

- LEA regulations, rules, and policies
    - www.cueroisd.org

- State regulations, rules, and policies
    - www.tea.texas.gov
    - Texas Administrative Code (TAC)
        - http://ritter.tea.state.tx.us/rules/tac/index.html
    - Texas Education Code (TEC)
        - http://www.statutes.legis.state.tx.us/?link=ed

- Texas Education Agency (TEA) Requirements and Guidance
    - www.tea.texas.gov

- Annual Financial and Compliance Report (AFR)
  - http://tea.texas.gov/Finance_and_Grants/Financial_Compliance/Annual_Financial_and_Compliance_Report/
- Budgeting Costs Guidance Handbook
  - http://tea.texas.gov/Finance_and_Grants/Administering_a_Grant.aspx
- Coordinated Early Intervening Services (CEIS) for IDEA-B Guidance Handbook
  - http://tea.texas.gov/Finance_and_Grants/Grants/Federal_Fiscal_Compliance_and_Reporting/IDEA_Fiscal_Compliance/IDEA-B_LEA_Maintenance_of_Effort/
- Excess Cost for IDEA-B
  - http://tea.texas.gov/Finance_and_Grants/Grants/Federal_Fiscal_Compliance_and_Reporting/IDEA_Fiscal_Compliance/IDEA_Fiscal_Compliance/
- Expenditure Reporting Guidance
  - http://tea.texas.gov/Finance_and_Grants/Administering_a_Grant.aspx
- FASRG (Financial Accountability System Resource Guide)
  - http://tea.texas.gov/Finance_and_Grants/Financial_Accountability/Financial__Accountability_System_Resource_Guide/
- Federal Time and Effort Reporting Guidance Handbook for LEAs
  - http://tea.texas.gov/Finance_and_Grants/Administering_a_Grant.aspx
- General and Fiscal Guidelines
  - http://tea.texas.gov/Finance_and_Grants/Grants/Administering_a_Grant/General_and_Fiscal_Guidelines/
- Grant Management Handbook
  - http://tea.texas.gov/Finance_and_Grants/Administering_a_Grant.aspx
- IDEA-B LEA Maintenance of Effort (MOE)
  - http://tea.texas.gov/Finance_and_Grants/Grants/Federal_Fiscal_Compliance_and_Reporting/IDEA_Fiscal_Compliance/IDEA_Fiscal_Compliance/
- Internal Controls Guidance Handbook
  - http://tea.texas.gov/Finance_and_Grants/Grants/Administering_a_Grant/The_New_EDGAR/
- ESSA Fiscal Compliance
  - http://tea.texas.gov/Finance_and_Grants/Grants/Federal_Fiscal_Compliance_and_Reporting/ESSA_Fiscal_Compliance/
- New EDGAR Regulations Frequently Asked Questions (FAQ)
  - http://tea.texas.gov/Finance_and_Grants/Grants/Administering_a_Grant/The_New_EDGAR/
- Program Guidelines for Specific Grants
  - http://tea4avoswald.tea.state.tx.us/GrantOpportunities/forms/GrantProgramSearch.aspx
- Request Forms for Prior Approval, Disclosure, and Justification Forms

        - http://tea.texas.gov/Finance_and_Grants/Grants/Administering_a_Grant/Request_for_Prior_Approval,_Disclosure,_and_Justification_Forms/
    - SHARS (School Health and Related Services) and IDEA-B LEA MOE Guidance
        - http://tea.texas.gov/Finance_and_Grants/Grants/Federal_Fiscal_Compliance_and_Reporting/IDEA_Fiscal_Compliance/IDEA-B_LEA_Maintenance_of_Effort/
    - Substitute System of Time and Effort Reporting
        - http://tea.texas.gov/Finance_and_Grants/Grants/Administering_a_Grant/Substitute_System_of_Time_and_Effort_Reporting/
    - Supplement Not Supplant Handbook
        - http://tea.texas.gov/Finance_and_Grants/Administering_a_Grant.aspx
    - When to Amend the Application
        - http://tea.texas.gov/Finance_and_Grants/Administering_a_Grant.aspx

- Texas State Library and Archives Commission (TSLAC)
    - www.tsl.state.tx.us/slrm/recordspubs/localretention.html

APPENDIXES

Appendix C: List of Business Office Staff

Business Office staff consists of:

Mark Iacoponelli; Assistant Superintendent of Business Services; 361-275-1900; miacoponelli@cueroisd.org

Cheryl Dieringer; Payroll; 361-275-1900; cdieringer@cueroisd.org

Samantha Coffman; Accounts Payable; 361-275-1900; scoffman@cueroisd.org

Erica Gonzales; Receptionist; 361-275-1900; egonzales@cueroisd.org

Appendix A: Budget Code Chart

Fund	Function	Object	Sub-object	Organization	Year	Program	Local
XXX	XX	XXXX	XX	X	X	XX	XXX

Fund	
199	Local Funds
211	Title 1
313	IDEA Spec Ed
314	IDEA Spec Ed Pre-K
255	Title 2
270	Title 6
437	SSA
461	Principal Accounts
865	Student Activity Accounts

Organization	
001	CHS
041	CJHS
042	CIS
102	Hunt
104	JCF
750	Admin
999	District Wide

Function	
11	Basic Instruction
12	Library
13	Curriculum
21	Instructional Leadership
23	School Leadership
31	Counselors
32	Student Services
33	Nursing
34	Transportation
36	Extra Curricular
41	District Administration
51	Maintenance
52	Security
53	Data Processing
61	Community Services

Program Codes	
11	Basic Education
21	Gifted & Talented
22	Career & Tech
24	Accelerated Ed
25	Bilingual
28	DAEP
30	Title 1
32	Pre-K
33	Pre-K Special Ed
36	EEA
37	Dyslexia
38	CCMR
91	Athletics
99	Undistributed

Objects

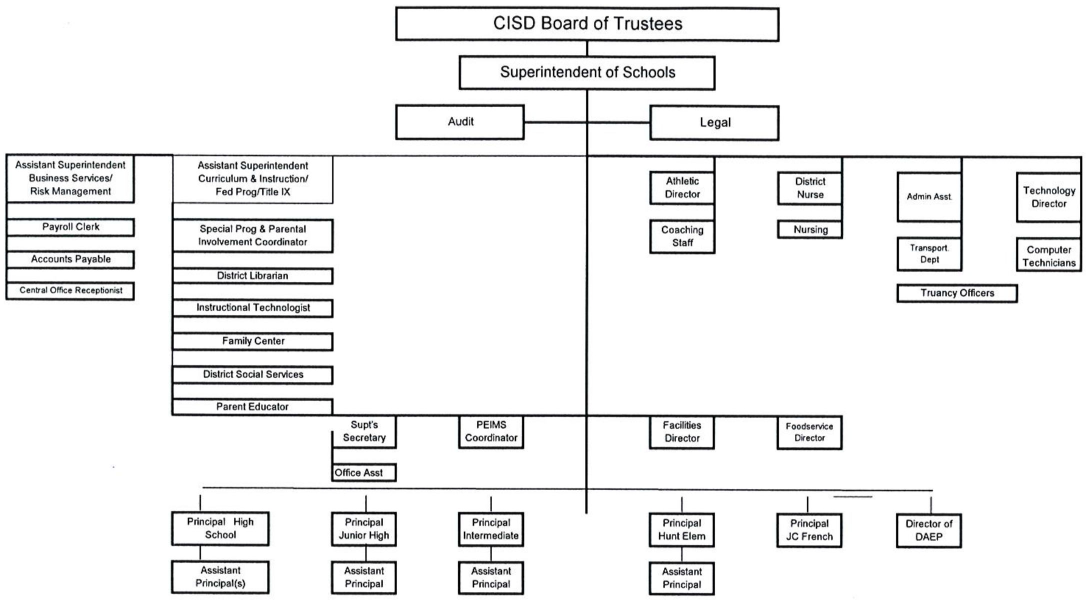
6249	Contracted Maintenance & Repair
6269	Contracted Rental $ Leasing
6299	Contracted Services
6329	Reading Materials - books not
6339	Testing
6399	General Supplies
6411	Employee Travel
6412	Student Travel
6494	Student Bus Transportation
6499	Miscellaneous Supplies - Rewards & Incentives

Local	
XXX	*Local - principal/student accts.

Sub-Objects XX Local

Appendix B: Organization Chart

Cuero ISD Organizational Chart



Appendix D: Semi Annual Certification Form

Cuero Independent School District
Semi-Annual Certification
Activity Report for Employees Working on a Single Cost Objective

Campus: __________________________

Federal Program: ______________________________

Cost Objective: ____

For the Six-Month Period of ____

Month/Year

I certify that the employee(s) listed below worked 100% of their time on activities authorized by the federal program stated above.

Employee Name	**Employee Title**

____ ____________________

Director Signature Date

Appendix E: Substitute System Certification Form

TEXAS EDUCATION AGENCY

Grants Administration Division
2019-2020 Substitute System of Time-and-Effort Schedule
For Employees Supported by Multiple Cost Objectives

Name of Employee	First Name, Last Name
Position Title	Teacher
District/Campus(s)	Cuero ISD / Cuero Junior High School
Schedule for Certification Period	8/14/2019 through 12/18/2019

Complete the fields above. In the program/fund table to the right, select programs from the dropdown lists in fields A-E. Programs not included on the dropdown list may be typed into fields F-G, with the corresponding fund code. Complete each box of the schedule below by selecting the duration of each activity from the dropdown list (in 15-minute increments); typing a brief description of the activity performed; and using the dropdown list to select the letter that corresponds to the program as listed in the program table. If applicable, select the duration of lunch from the dropdown list for each day.

	Program/Fund	Minutes	%
A	State Compensatory Education	1125	71%
B		0	0%
C		0	0%
D		0	0%
E		0	0%
F		0	0%
G		0	0%
H	State/Local (Fund Code 199 or 420)	450	29%
	TOTAL MINUTES/TOTAL PERCENTAGE OF TIME:	**1575**	**100%**

	Monday	Tuesday	Wednesday	Thursday	Friday
Minutes:	225	225	225	225	225
Activity:	Basic Math	Basic Math	Basic Math	Basic Math	Basic Math
Program:	A	A	A	A	A
Minutes:	90	90	90	90	90
Activity:	College & Career Readiness	College & Career Readiness	College & Career Readiness	College & Career Readiness	College & Career Readiness
Program:	H	H	H	H	H
Minutes:					
Activity:					
Program:					
Minutes:					
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Program:					
Minutes:	30	30	30	30	30
Activity:	Lunch Break	Lunch Break	Lunch Break	Lunch Break	Lunch Break

Appendix F: Management Certification

Grants Administration Division
2019-2020 Substitute System of Time-and-Effort Certificate
For Employees Supported by Multiple Cost Objectives

TEA TEXAS EDUCATION AGENCY

Most fields on this certificate are autofilled with data from the Substitute System of Time-and-Effort Schedule (on the Schedule tab of this workbook). However, you must manually complete two fields: Total Number of Hours Worked in the Week and the Total Number of Lunch Hours in the Week. The figure you enter for Total Number of Hours Worked in the Week must be consistent with the autofilled figure for Total Number of Minutes Worked in the Week. Both you and your supervisor must sign and date the certificate.

Each participating employee must complete this certificate based on his or her established schedule.

Name of Employee First Name, Last Name

Schedule for Certification Period 8/14/2019 through 12/18/2019

Position Title Teacher

District/Campus(s) Cuero ISD / Cuero Junior High School

Total Number of Hours Worked in the Week:	37.50	**Total Number of Minutes Worked in the Week:**	1,575
Total Number of Lunch Hours in the Week:	2.50	**Total Number of Lunch Minutes in the Week:**	150
Total Hours:	40.00 x 60 = 2,400 (a)	**Total Minutes:**	1,725 (b)

	Program/Fund		# of Minutes Worked in Week	Distribution of Time (%)
A	State Compensatory Education		1125	71%
B		-	0	0%
C		-	0	0%
D		-	0	0%
E		-	0	0%
F		-	0	0%
G		-	0	0%
H	State/Local (Fund Code 199 or 420)		450	29%
	TOTAL MINUTES/TOTAL PERCENTAGE OF TIME:		**1575**	**100%**

NOTE: If an employee's established schedule changes by 10% or more, the employee must submit an updated certification.

I certify that I performed work consistent with the attached schedule and as distributed in the above percentages during the certification period.

Signature of Employee ______________________ **Date** __________

I certify that I have firsthand knowledge that the above employee performed work consistent with the attached schedule and as distributed in the above percentages during the certification period.

Name of Supervisor First Name, Last Name

Signature of Supervisor ______________________ **Date** __________

ADOPTION OF MANUAL

I hereby approve and adopt the Cuero ISD 2023-2024 Administrative Procedures Manual.

I understand that the information in this manual is subject to change. I understand that changes in LEA policies may supersede, modify, or render obsolete the information summarized in this manual.

NAME (Printed):
TITLE:
SIGNATURE:
DATE SIGNED:

NAME (Printed):
TITLE:
SIGNATURE:
DATE SIGNED:

EMPLOYEE ACKNOWLEDGEMENT FORM

I hereby acknowledge receipt of my personal copy of the Cuero ISD 2023-2024 Administrative Procedures Manual.

I agree to read the manual and abide by the standards, policies, and procedures defined or referenced in this document.

I understand that the information in this manual is subject to change. I understand that changes in LEA policies may supersede, modify, or render obsolete the information summarized in this manual. As the LEA provides updated policy information, I accept responsibility for reading and abiding by the changes.

Name (Printed):

Signature:

Date Signed: