

Era ISD
Financial Procedures Manual
2021-22



**RESOLUTION
REGARDING REVIEW AND APPROVAL OF THE USE OF THIS MANUAL**

As Superintendent, Chief Financial Officer, and Grants Management Coordinator for Era Independent School District, I hereby certify that this financial manual has been reviewed, updated, and approved for use within the Era ISD for the designated school year.

Approved this **30th** day of **June, 2021**, by the undersigned.

Dr. Shannon Luis

Dr. Shannon Luis, Superintendent

Suzette Henderson

Suzette Henderson, Executive Director of Business Services

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ACCOUNTING GUIDELINES

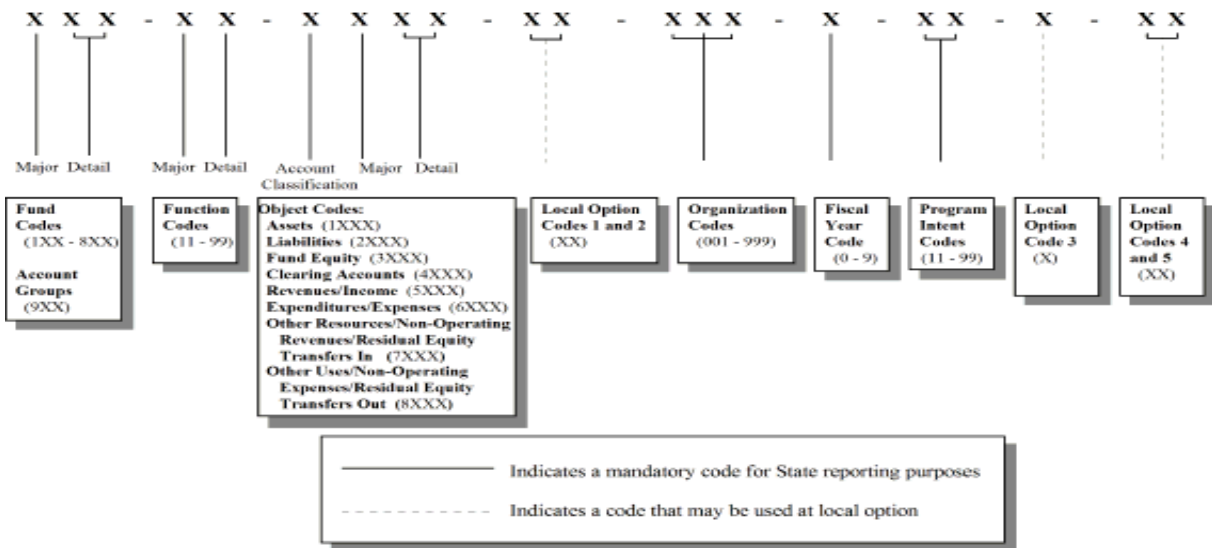
Account Code Structure

Section 44.007 of the Texas Education Code (Code or TEC) requires that a standard school district fiscal accounting system be adopted by each school district. The system must meet at least the minimum requirements prescribed by the State Board of Education and also be subject to review and comment by the state auditor. Additionally, the accounting system must conform to the Generally Accepted Accounting Principles (GAAP). This section further requires that a report be provided at the time that the school district budget is filed, showing financial information sufficient to enable the state board of education to monitor the funding process and to determine educational system costs by school district, campus and program.

The Texas Education Code, Section 44.008, requires each school district to have an annual independent audit conducted that meets the minimum requirements of the state board of education, subject to review and comment by the state auditor. The annual audit must include the performance of certain audit procedures for the purpose of reviewing the accuracy of the fiscal information provided by the district through the Public Education Information Management System (PEIMS). The audit procedures are to be adequate to detect material errors in the school district's fiscal data to be reported through the PEIMS system for the fiscal period under audit.

A major purpose of the following accounting code structure is to establish the standard school district fiscal accounting system required by law. Although certain codes within the overview may be used at local option, the sequence of the codes within the structure, and the funds and chart of accounts, are to be uniformly used by all school districts in accordance with generally accepted accounting principles. Guidance on these codes may be found in the Texas Education Agency Financial Accountability System Resource Guide (FASRG).

The Code Structure



BASIC SYSTEM CODE COMPOSITION

Fund Code

A mandatory 3-digit code is to be used for all financial transactions to identify the fund group and specific fund. The first digit refers to the fund group, and the second and third digit specifies the fund. Fund group 100 is for locally controlled funds, primarily the General Fund. Fund groups 200 – 400 is for various federal and state grant programs. Fund group 500 is for debt service funds to repay bonded debt. Fund group 600 is reserved for capital project funds (bond money). The 700 series is for various internal service funds. The 800 series is for scholarship funds and clearing accounts. The 900 Funds are for recording long-term fixed assets and long-term debt.

Function Code

A mandatory 2-digit code applied to expenditures/ expenses that identify the purpose of the transaction. The first digit identifies the major class and the second digit refers to the specific function within the area.

Object Code

A mandatory 4-digit code identifying the nature and object of an account, a transaction or a source. The first of the four digits identifies the type of account or transaction, the second digit identifies the major area, and the third and fourth digits provide further sub-classifications.

Asset codes – 1XXX series

Liability codes – 2XXX series

Fund Equity codes – 3XXX series

Encumbrance control – 4XXX series

Local revenues – 57XX series

State revenues – 58XX series

Federal revenues – 59XX series

Payroll Expenditures – 61XX series

Contracted Services – 62XX series

Supply accounts – 63XX series

Other Misc. Costs – 64XX series

Debt payments – 65XX series

Capital Outlay costs – 66xx series

Transfers In / Out – 79XX / 89XX series

Sub-Object Codes (Optional Codes 1 & 2– for local use)

A 2-digit code for optional use to provide special accountability at the local level. Era ISD uses this code to identify special programs.

Organization Code

A mandatory 3-digit code identifying the organization, i.e., High School, Middle School, Elementary School, Superintendent's office, etc. An organization code does not necessarily correspond with a physical location. The activity, not the location, defines the organization. Campuses are examples of organization codes and are specified for each school district in the Texas School Directory.

Fiscal Year Code

A mandatory single digit code that identifies the fiscal year of the transaction or the project year of inception of a grant project. Example: For the 2012-13 fiscal year of the school district, a 3 would denote the fiscal year.

An ESEA, Title I, Part A - Improving Basic Programs grant for the project year from July 1, 2011 through June 30, 2012 would be indicated by a 2. A grant for the project year from July 1, 2012 through June 30, 2013 would be indicated by a 3. Therefore, 10 months of the ESEA, Title I, Part A - Improving Basic Programs grant expenditures would be accounted for under project year 2 and 2 months would be accounted for under project year 3. (check current project end dates)

Program Intent Code

A 2-digit code used to designate the intent of a program provided to students. These codes are used to account for the cost of instruction and other services that are directed toward a particular need of a specific set of students. The intent (the student group toward which the instructional or other service is directed) determines the program intent code, not necessarily the demographic makeup of the students served.

Optional Code 3

A single code that is used at the local option. This code is used to identify special programs.

Optional Codes 4 & 5

An optional 2-digit code that may be used by the district to further describe the transaction. This code is used to identify special programs.

ACCOUNTS PAYABLE GUIDELINES

Check Processing

Business Office checks will be printed, endorsed, and released on Fridays in the afternoon. At times checks may be processed earlier or later than Friday afternoon, due to unforeseen events. All check requests such as travel advances/reimbursements; petty cash, construction, etc. shall be approved by the appropriate principal or administrator and submitted to the Director of Finance by 12:00 noon on Wednesdays. The Business Office shall determine the date that vendors will be paid, so employees should not make prior commitments to vendors about check disbursements.

The appropriate forms shall be used for travel and petty cash disbursements, all other non-purchase order disbursements and/or reimbursements shall be submitted on a Payment Authorization Form. State law requires that the district pay all invoices within 30 days to avoid penalty and interest charges, so all invoices should be submitted to the Director of Finance on a timely basis for payment.

Checks not cashed by the expiration date (6 months from date of issue) will be voided. A new check will be reissued if the payee is located and requests a reissue. Otherwise, the funds will be distributed in accordance with the Unclaimed Property Guidelines.

Purchasing Deadlines

In an effort to maximize the use of budgeted funds during the current fiscal year, the purchasing deadline for supplies and equipment shall be March 15th. Summer needs for staff development and summer school should be anticipated and ordered prior to a May 1st deadline. At times, the purchasing deadlines for state or federal grants may be earlier than the deadlines stated above due to grant ending dates.

Purchase Orders

A purchase order form is used to purchase supplies, equipment, or services from an external vendor. Requisition forms should be created in the TxEIS Requisition system by the requesting campus or department and submitted to the business office for approval of a purchase order. The electronic system allows users to enter purchase requests electronically, verify account balances, select pre-approved vendors, etc. at the point of data entry. Budget codes must be noted on all requisitions.

After the requisitions pass all electronic approval paths, the purchase order form is automatically numbered for audit tracking purposes. No employee shall order or receive goods without an approved purchase order. A system requisition cannot be used to place an order. All purchase orders are mailed or faxed to vendors by the requestor, unless directed to be ordered by the Business Office. According to Board Policy CH (Local), employees who violate the district purchasing procedures shall be held personally liable for the debt incurred.

After the Director of Finance's electronic approval, the Accounts Payable Department will print 2 copies of the corresponding Purchase Order (PO). One copy will be sent to the PR originator, and one copy will be kept in numerical order in the Business Office. If a check is needed, a third copy will be kept by the Accounts Payable Clerk in the invoice file. The PO received by the originator authorizes purchase of the requested item. Items should not be ordered or purchased without proper authorization.

Reimbursements

Employees making purchases for the school should use either a PO or school-issued procurement card, as noted above. However, there are rare circumstances where this is not possible. If an employee makes a school purchase with personal funds *and* has prior approval by the Superintendent, Director of Finance or supervisor, they may be reimbursed. The reimbursement will be for the cost of the purchase only, and will not include any sale taxes paid. The employee should submit an online PO for the purchase, and provide the receipt to the Accounts Payable Department.

Procurement Cards

The District issues procurement cards to key personnel to be used for district purposes. The procurement card may not be used for any personal expense, including personal travel and entertainment. Any sales tax charged on the procurement must be reimbursed by the cardholder. The employee assumes responsibility for the card and will be responsible for all charges made with the card. The employee is also responsible for providing receipts for all transactions processed on the card directly to the Director of Finance.

The receipt of a procurement card does not authorize any purchases on the card. The employee must submit a PO as with any other purchase, showing the procurement card issuer as the vendor on the PO. The receipt of an approved PO authorizes the employee to make the expenditure using the procurement card.

When the procurement card statements are received each month, the Director of Finance will review to ensure all receipts and POs match the statement before making payment.

Purchase Order Payments

When ordered items are received and verified to be complete, the copy of the PO should be signed, authorizing payment, and sent to the Business Office. Any packing slips or related items should be stapled to the signed PO. If a partial payment is being made on a PO, annotate the copy of the PO that there are still pending items so the Director of Finance knows the PO should not be closed.

Invoices

Vendors are required to submit all invoices to the business office, yet occasionally an invoice will be mailed directly to a campus or department. If any invoices are received at the campus or department, they should be signed (if the goods/services were received), and forwarded to the business office.

Texas law requires that all invoices be paid to vendors within 30 days of receipt of the goods/services. If the district fails to pay promptly, the vendor can assess penalty interest charges. If a staff member neglects to submit an invoice on a timely basis, he/she may be held personally liable for the penalty interest charges.

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

Receiving of Goods

The district utilizes a centralized receiving system – all goods are delivered to the Administration Building. A copy of every purchase order for goods (supplies/equipment) will be forwarded to the receiving clerk. Upon receipt of the goods, all items that require an inventory or fixed asset tag will be tagged [by the receiving clerk] before delivery to the appropriate campus/department. All orders will be delivered to the respective campus or department with a packing list for “check-off” and verification of receipt. Discrepancies, if any, should be reported to the receiving clerk. Upon receipt of the receiving report and the invoice, the vendor will be paid for the order.

Staff members that receive authorization to pick-up goods directly from a vendor shall submit written confirmation of receipt to the receiving clerk.

Fiscal Year

The fiscal year ends on June 30th. Anything delivered by June 30th needs to be released for payment out of the current school year’s budget. All purchases made with federal funds must be fully completed prior to June 30th.

Sales Tax & Hotel Occupancy Tax Exemption Form

The sales tax exemption form shall be used for school-related purchases or for school-related travel to conferences, workshops, etc., only. Misuse of the exemption form for personal purchases constitutes a misdemeanor. Copies of the exemption form may be obtained from the business office. Taxes, which should have been exempt, will be unauthorized for reimbursement if the exemption form is not presented to the vendor or hotel at the time of the purchase. The purchaser or traveler will be held responsible for such charges, if any.

Purchase of personal items for staff or students are not eligible for the sales tax exemption.

Travel Expense – Advances & Settlements

The immediate administrative supervisor and superintendent shall authorize all travel. Travelers are expected to select the most economical and practical accommodations, arrangements and services in accordance with the needs of the trip. The documentation for travel expenses is a two-part process. The *Travel Request Form* acts as permission to travel and request for advancement of estimated travel expenses. The Travel Settlement form acts as the certification that the employee traveled and reconciles actual travel expenses. The Internal Revenue Service (IRS) requires that a settlement of advanced business expenses and it dictates that if a settlement is not received, that the amount of the advance be deducted from the wages of the employee and properly taxed.

The travel rates for meals, lodging, mileage, and airline are limited to the rates and amounts as found in local policy or as set and revised periodically by the State of Texas. Refer to the Era ISD Travel Guidelines for Employees for current policies, procedures and reimbursement rates. Travelers are responsible for submitting the proper POs in a timely manner before the trip. One PO should be completed for items being paid with a procurement card, such as hotel, airfare, shuttle, and fuel. Rates paid for hotels should be within the allowed state rate. Any exceptions to the state rate must be approved by the supervisor and/or Superintendent, and must be paid from local funds. Any personal expenses at a hotel, such as movies or mini-fridge use, may not be paid from district funds.

The *Travel Request Form* shall be utilized by campus staff to request travel funds for student travel expenses such as registration, meals, transportation, lodging, etc. The current student travel rates are listed on the form.

The Travel Settlement form shall be submitted within ten (10) days after the return of the traveler. All actual travel expenses shall be recorded on the settlement form, with receipts for all expenses except mileage. All monies due to the district shall be submitted with the Travel Settlement Form. All monies due to the traveler will be paid upon approval of the immediate supervisor and availability of budgeted funds. Receipts are required to be returned if the travel is paid from federal or local funds. If the receipts are not as much as the per diem, the employee will be required to reimburse the difference. Employees will not receive more than the allotted per diem for meals without prior approval from the Superintendent.

Field Trips

A *Travel Request Form* [see Attachment C] shall be completed and submitted to the campus administrator at least two (2) weeks prior to a field trip. A purchase order shall be submitted for admission fees, meals, etc., if any.

If a district-owned vehicle or school bus is requested, specific details regarding the destination, type of vehicle, departure and return times shall be provided on the request form. If the requestor will be driving a district-owned vehicle, he/she must be listed on the Authorized Driver List.

Consultants or Contracted Services

Consultants are non-employees who are contracted to perform a personal or professional service such as staff development, medical services, etc. A Consultant Service Contract and Contract Transmittal Form are required for every consultant. The Superintendent is the only individual authorized to sign contracts on behalf of the district. Contracts that exceed \$50,000 shall be approved by the Superintendent and the School Board.

Please follow these procedures when submitting a Consultant Service Contract:

- ✓ Submit a completed Transmittal Form and Consultant Service Contract form to the Director of Finance for review. The Director of Finance will forward to the Superintendent.
- ✓ Obtain the following documents from the consultant:
 - A completed W-9 form
 - A Felony Conviction Form
 - If the consultant will work directly with students, a Criminal Check Authorization form

Contracted services include services such as repairs, maintenance, technical support, and related services. Documentation of insurance, such as general liability, worker's compensation, and auto liability, shall be submitted to the business office with the purchase order. The Certificate of Insurance shall name "Era ISD" as additional insured.

Contracts and Service Agreements

All contracts for rentals, service agreements, etc. must be signed by the Superintendent. No other employee is authorized to sign a contract or agreement on behalf of the district. An employee who signs a contract or agreement, without proper authorization, will be personally liable for the terms of the contract or agreement.

Purchasing Laws

The Texas Education Code (TEC) addresses the requirement to competitively bid purchases that exceed \$50,000 or more in the aggregate, over a 12-month period (with the exception of contracts for the purchase of fuel). It also addresses the requirement to solicit quotes for purchases, which exceed \$10,000, in the aggregate, over a 12-month period. Since non-compliance may result in criminal penalties, these requirements will be strictly enforced. The purchasing requirements of Education Code 44.031 do not apply to a contract for professional services rendered, including the services of an architect, attorney, certified public accountant, engineer, or fiscal agent.

Anticipated purchases, which may exceed these limits, should be brought to the attention of the Business Department well in advance of the need for the goods or services. The bidding process may take approximately 2 to 3 months, from bid specification development to School Board approval.

District policy recommends a minimum of three (3) quotes for all individual purchases exceeding \$5000; the written (faxed or emailed) quotes should be attached to the purchase requisition.

Yearly Reporting

Form 1099-MISC Miscellaneous Income will be issued no later than January 31 of each year to all required vendors. The required forms will be submitted to the Internal Revenue Service by the required annual deadline.

Vendors

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

Requests to add new vendors shall be accompanied by the vendor name, address, phone numbers, W-9 form and Conflict of Interest Questionnaire (CIQ).

As a matter of law, all existing and new vendors shall be required to complete and file a CIQ with the business office. The governing body (School Board) and the Superintendent shall complete and file Local Government Officer Conflicts Disclosure Statement (CIS) with the business office.

During an Emergency School Closure—

- 1) All travel will cease until further notice. Conferences or workshops may be attended via virtual option only as offered.
- 2) The CFO and the HR/Accounts payable clerk shall review all incoming invoices on a weekly basis and issue payments to vendors for all goods and services received after conducting the required verification. Accounts payable checks shall be issued on at least a bi-weekly schedule. The accounts payable clerk, and/or CFO shall continue to issue payments via checks or EFT and monitoring monthly to minimize the potential for fraud.
- 3) Superintendent or CFO to be on site to receive packages delivered by UPS, FedEx, USPS, etc. during reduced hours after notifying the delivery service providers. If necessary, the superintendent or CFO

shall contact vendors for outstanding purchase orders to either delay delivery or cancel order if not essential after making that determination with the PO originator.

ACCOUNTS RECEIVABLE GUIDELINES

Deposits - Cash/Check Handing

All cash and checks shall be deposited to the campus secretary 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 for extended periods of time. No cash purchases should be made – every dollar collected should be receipted and deposited to the campus secretary. The campus secretary shall receipt [in a bound, pre-numbered receipt book] and forward all monies on a daily basis to the district's business office, or secure overnight in a locked campus safe if the deposit cannot be made the same day. An *Activity Fund Cash Deposit Form* should be included with all deposits. The responsibilities of receiving funds and writing receipts should be separate from preparing and making bank deposits when possible.

Athletic event gate receipts (admission) shall be recorded on an *Athletic Gate Receipts Form* [see Attachment B] and submitted by the Secondary Principal to the Business Office on the following business day. Funds shall be deposited to the appropriate athletic events revenue account(s).

Checks received in the mail, or other monetary items received directly by Central Office will be counted and recorded in the appropriate receipt book. These items will then be prepared for deposit to the bank. The deposits prepared for the bank are balanced with the receipt books.

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

All deposits received by the District are sent to the bank at least weekly. Deposits are recorded in the general ledger within three days of the deposit date.

Returned Checks

Notices of checks which were returned due to "insufficient funds" or "closed account" are received by the Director of Finance. The returned checks are recorded in the ledger on a General Journal Voucher. The check writer is notified of the returned check by a prescribed letter. The District charges a \$25 handling fee for all returned checks. The fee is subject to increase based on the district's depository bank service fee schedule for returned checks. The Superintendent may waive the handling fee if circumstances warrant. The district shall reserve the right to reject future checks from makers of returned checks.

Returned checks which are not resolved after sixty days may be forwarded to the District Attorney's office for collection action. If an employee has a returned check which has not been resolved, the amount of the check and the handling fee will be withheld from the employee's paycheck.

Petty Cash

The term "petty cash fund" refers to a fund that has a fixed amount of dollars allotted to the fund. The funds are usually used to make change or to make minimal purchases. The petty cash fund is restored to its original amount at frequent intervals by the issuance of an accounts payable check to the custodian of the petty cash fund. The replenishment check is equal in amount to the expenditures made from the fund. As each cash payment is made, a receipt is placed in the fund in lieu of the cash removed.

The Director of Finance is responsible for ensuring that the rules established herein are followed by the persons(s) designated to handle petty cash funds. Petty cash purchases should be kept to a minimum and employees who have been assigned, as custodians of petty cash funds are required to maintain accurate accounting records for all transactions. The petty cash should be kept locked in a safe place when not in use. The Central Office petty cash accounts will be balanced weekly. If a petty cash account is no longer needed, the

funds will be deposited back to the bank. ****NOTE—At present the district does not utilize petty cash accounts.

Fixed Assets & Inventory

Fixed assets are defined as equipment with a unit value over \$5000. These assets are tracked and recorded on the district's financial general ledger. Fixed assets that are stolen, obsolete, damaged beyond repair, etc. should be reported to the Director of Finance for removal from the district's financial records. All fixed assets must be purchased through the use of an Object Code 663X.

Inventory items are defined as equipment with a unit value over \$500, but less than \$5000. Other items with a unit value under \$500 are also tracked and tagged such as: TVs, VCRs, digital cameras, camcorders PDAs, and other items that may have a personal use. These assets are tracked and recorded on the district's inventory tracking system. Inventory items that are stolen, obsolete, damaged beyond repair, etc. should be reported to the Director of Finance for removal from the district's inventory tracking system. Inventory items are tracked for insurance purposes. Inventory items (with a unit value between \$500 and \$4999) must be purchased through the use of an Object Code 6649. Inventory items (with a unit value less than \$500) must be purchased through the use of an Object Code 6399.

A Fixed Assets Transfer Form should be utilized to transfer equipment from one room to another, one campus/dept. to another, or to transfer obsolete equipment to the storage area. The loss or theft of inventory and fixed asset items should be reported immediately to the Director of Finance.

The Receipt and Use of District Property Form will be used to assign district property, such as cell phones, cameras, PDAs, laptops, etc. to district staff for business purposes. The receiver should read the form carefully due to the potential tax and financial impact of using the assigned property for personal benefit.

Sale of Surplus Property

All supplies and equipment which are deemed to be surplus [not of any use to the district], will be recommended to the School Board or designee, (Superintendent as outlined in CI (LOCAL)) for sale via a Surplus Sale. At least one surplus sale may be scheduled per year.

Surplus sales shall be advertised in the local newspaper. Items will be sold via marked pricing, sealed bids, online auction, or other acceptable method that results in the best return for the district.

Neither district supplies, nor equipment, shall be sold or conveyed other than via a surplus sale, unless authorized by the Superintendent or School Board.

During an Emergency School Closure—

- 1) No cash collections during closure. Remote payments, if any, will be automatically deposited into the bank account. Checks received in the mail will be deposited to bank accounts weekly. Tickets for events will be processed electronically utilizing HomeTown Ticketing.

PAYROLL GUIDELINES

Annual Payroll Calendar

The District publishes its annual payroll calendar in a manner that is easily obtainable by all employees. This schedule is posted on the District's web page and distributed through email to employees. If requested, the calendar will be printed for an employee.

Employees are paid once a month on the 20th of the month. If the 20th is not a business day, pay day is the last business day before the 20th. For non-hourly employees (including FLSA "exempt" employees), annual salary is divided by twelve months and paid in equal installments. For hourly employees, salary is calculated by the hours worked in the designated pay period.

Required Payroll Deductions

Full-time employees of the District do not contribute to the social security system. Instead, they participate in the Teacher Retirement System of Texas, a state, local and member funded program. Each employee has 7.70% of their gross pay withheld before taxes and contributed to the system on a pre-tax basis. Additionally, the state of Texas contributes an equal amount up to the statutory minimum salary amount for each employee. The District makes a contribution on behalf of each employee for the difference between the state and employee contribution. Also, each employee makes a contribution to the TRS-CARE health insurance program of 0.65% of the gross pay.

Employees may have some amount of federal tax withheld from their check and remitted to the federal government. The amount deducted from an employee's check depends on how many exemptions and filing status claimed by the employee. The IRS form W-4 is the document used by each employee to document his or her filing status (single, married, married but withhold at the higher single rate) and number of exemptions claimed. Employees usually fill out this form when they first come to work, but they may change their exemptions or status during the year as needed. The W-4 form may be obtained from the Business Office.

All employees who were hired after March 31, 1986 are required to pay 1.45% of the gross pay to the federal government for Medicare. Employees not eligible to participate in the TRS program (typically part-time employees, less than 20 hours a week or substitutes) are required to contribute to Social Security.

Child support payments are processed by payroll only when properly received from a county Child Support Office, from the Child Support Services division of the Attorney General's office or from an appropriate court of jurisdiction. It is the employee's responsibility to file a change of employment request with the State Child Support Office.

Tax levies from the Internal Revenue Service or payment orders from the Texas Guaranteed Student Loan Fund for repayment of student loans are also processed by Payroll, and are mandatory employee deductions when properly received by the District.

Optional Payroll Deductions

Many optional payroll deductions are available to Era ISD employees. Among just a few of these are the following options:

- Credit Unions (including DATCU and NASCOGA)
- 403b tax sheltered investments – open to all employees and available through any vendor on the TRS-approved list. These are processed through Financial Benefit Services, a third-party administrator.
- Health insurance, vision, dental, cancer, additional life, short-term disability and other health-related coverage. These are offered through Financial Benefit Services, as part of the ESC Region XI Employee Benefits Cooperative.

Direct Deposit

All District employees must have their paychecks deposited directly into their bank account(s). Direct deposit can be made to any bank, savings or brokerage account in the United States Federal Reserve banking system as long as an account number and an ABA routing number are available. The appropriate form is available from the Business Office. A voided check must be attached to the form when submitted to Payroll.

All employees should begin checking their bank accounts on the date listed on the payroll schedule. In the event the employee's pay does not reach his/her account, the employee should first contact their bank. The Payroll Department will work to resolve any issues so that the employee may receive their pay as quickly as possible.

If a check is mailed and not received, the check cannot be reissued for seven working days. After seven days, a stop payment request is issued to the bank, and a check can be reissued 24 hours after the stop payment request. If a new check is issued and subsequently the original check is delivered to the employee, the original check must be returned to the Business Office. The employee should not attempt to cash the cancelled check.

Leave

Each full-time permanent employee earns 5 State Personal Leave days each year provided they work the entire scheduled year. Part-time permanent employees earn a proportionate number of days based on the hours worked. If an employee does not work the full year, the employee earns ½ day for each 18 days actually worked or on paid leave. Full-time permanent employees earn 5 Local Sick Leave days each year provided they work the entire scheduled year. Part-time permanent employees earn a proportional number of days based on the hours worked. If an employee does not work the full year, the employee earns ½ day for each 18 days actually worked or on paid leave.

All leave is recorded in half-day or full day increments for all employees. When an employee has used more leave than he or she has earned, the District shall deduct the cost of unearned leave days from the employee's paycheck. At the discretion of the District, the deduction for unearned days may be spread out over multiple paychecks.

Absences

Employees must request absences online via the Aesop program when they are absent from work (prior to the absence, except possibly in emergency situations). For discretionary leave, the employee shall submit this online form to the immediate supervisor or designee 48 hours prior to the absence. In deciding whether to approve or deny discretionary leave, the supervisor or designee shall not seek or consider the reasons for which an employee requests to use leave. The supervisor or designee shall, however, consider the effect of the employee's absence on the educational program or District operations, as well as the availability of substitutes.

If the employee is absent more than five consecutive workdays due to personal illness or illness in the immediate family, the employee shall submit medical certification of the need for leave. The District may require medical certification due to a questionable pattern of absences or when deemed necessary by the supervisor or Superintendent.

Employees must provide a receipt from the court when they are absent for jury duty. The employee will not be charged with State Personal or Local Leave when absent for jury duty.

Family and Medical Leave

When an absent employee is eligible for FMLA leave, the District shall designate the absence as FMLA leave. If an employee provided at least 1250 hours of service to the District in the 12 months preceding the first use or assignment of family medical leave, the employee is eligible to receive up to 12 weeks of family medical leave. For purposes of an employee's entitlement to FMLA, the 12-month period shall begin on the first duty day of the school year. The District shall require the employee to use temporary disability leave and paid leave, including compensatory time, concurrently with FMLA leave. The Payroll Department will provide the employee with information regarding FMLA leave, including the date the FMLA leave begins.

If an employee takes FMLA leave due to the employee's own serious health condition, the employee shall provide, before resuming work, a fitness-for-duty certification. If, at the expiration of FMLA leave, the employee is able to return to work but chooses not to do so, the District may require reimbursement of premiums paid by the District during the leave.

Workers' Compensation

Worker's compensation is not a form of leave. If an employee is injured while on duty, the employee and/or supervisor should complete a Supervisor's Report of Accident form. This form should be completed and submitted to the Payroll Department within 24 hours of the accident. If the accident will require medical care, the Payroll Department will complete the proper forms to report the injury to the workers' compensation carrier. The carrier should be notified within three days of the injury.

Payroll Procedures – VeriTime / Aesop

All hourly employees (non-exempt and exempt) record their time worked through the VeriTime system. Employees are responsible for checking their times in this system, and notifying the Payroll Department of any discrepancies. Failure to clock-in or out may result in non-payment of unverified work time. All administrative supervisors shall approve the VeriTime Timesheet Report for their respective paraprofessional and support employees and submit the report(s) every Monday by 4:00 p.m. All corrections to “punch times” in the VeriTime system should be submitted via a Missed Punch Form [with the administrative supervisor’s signature of approval] with the Timesheet Reports. The Payroll Department will monthly generate reports from the VeriTime system for all non-exempt hourly employees. The reports will show time worked, compensatory leave balances if applicable, and number of days worked during the school year. These reports should be reviewed by the employee and supervisor, signed by both, and returned to the Payroll Department to be filed.

The supervisors for the hourly employees will review the times in the VeriTime system for their employees. This review will be completed in a timely manner so that the Payroll Department may be confident of the hours shown before beginning the monthly payroll process. Times in the VeriTime system will be rounded to the nearest quarter hour. All non-exempt employees shall comply with the work schedule assigned by their respective supervisor. All overtime shall be pre-approved by the immediate campus or department supervisor. An employee who repeatedly works in excess of his/her assigned work schedule, without authorization, will be subject to disciplinary action, including termination.

A *Travel Request Form* should be completed and forwarded to the Superintendent’s Office [after campus/department approval] for all staff and student travel away from the district. The approved forms will be returned to the respective campus and a copy will be forwarded to the Transportation Department if a vehicle is requested for the trip.

Compensatory Time

At the District’s option, non-exempt employees may receive compensatory time off, rather than overtime pay, for overtime work. Employees must receive prior approval before working overtime. The VeriTime system will track any overtime worked for non-exempt hourly employees. Compensatory time earned by non-exempt employees may not accrue beyond a maximum of 60 hours. If an employee has a balance of more than 60 hours, the employee will be required to use compensatory time or, at the District’s option, receive overtime pay.

An employee shall use compensatory time within the duty year in which it is earned. If an employee has and unused compensatory time remaining at the end of the fiscal year, the employee shall receive overtime pay. If an employee has earned compensatory time and has an absence, the compensatory time will be used before the use of any leave.

Payroll Process

The Payroll Department must complete the payroll process each month in time to initiate the ACH for direct deposit pays. This deadline will be set by the depository bank of the District. All absence forms relating to the pay period should be processed before the payroll process begins. Any extra duty pay or additional pay earned during the pay period should be processed to be included in the appropriate payroll.

Payments to the Electronic Federal Tax Payment System (EFTPS) for the payroll taxes withheld from the paychecks, in addition to the amounts required to be paid by the employer, should be remitted within 3 days of the pay date. These include FICA taxes, Medicare taxes and withholding taxes.

Payments for optional deductions (other than health insurance through TRS ActiveCare) should be remitted within 3 days of the pay date. Employee’s 403b payments are required to be remitted timely so that the employee earns the highest interest possible.

Quarterly/Yearly Reporting

The Texas Workforce Commission report will be created at the end of each calendar year quarter. This report will

be submitted to the appropriate agency by the end of the month following the end of the quarter.

Form 941 Employers Quarterly Federal Tax Return will be completed at the end of each calendar year quarter. The amounts reported on this return will be balanced with the payments made to the government through the EFTPS system for the quarter. This return will be submitted before the IRS deadline of the last day of the month following the end of the quarter. W-2 Annual Wage and Tax Statements will be issued no later than January 31 each year to all current and former employees who received any compensation from the District during the previous year via a payroll check. Filing will be made electronically to the Social Security Administration for the issued W-2 forms by the deadline of the last day of March.

During an Emergency School Closure—

- 1) The HR/Benefits clerk shall forward new hires to the CFO as needed during the closure. Although it is highly unlikely that new staff will be hired during a school closure, there may be a need for a specific position/expertise. New employees shall be interviewed remotely by the interviewer/interviewing team. All new hire paperwork shall be completed as normal digitally through the Applitrack onboarding system.
- 2) The school board of trustee may implement a resolution regarding disaster and premium pay during emergency school closings. This approved resolution shall be placed on the district website for public reference.

BUDGET GUIDELINES

Legal Requirements for Budgeting

Sections 44.002 through 44.006 of the Texas Education Code establish the legal basis for budget development in school districts. The following six items summarize the legal requirements from the code:

- 1) The superintendent is the budget officer for the district and prepares or causes the budget to be prepared. Note: TEA recommends that an interactive approach between the board of trustees and the superintendent be taken to establish the budget process and define related roles and responsibilities.
- 2) The district budget must be prepared by a date set by the state board of education, currently August 20 (June 19 if the district uses a July 1 fiscal year start date).
- 3) The president of the board of trustees must call a public meeting of the board of trustees, giving ten days public notice in a newspaper, for the adoption of the district budget. Any taxpayer in the district may be present and participate in the meeting.
- 4) No funds may be expended in any manner other than as provided for in the adopted budget. The board does have the authority to amend the budget or adopt a supplementary emergency budget to cover unforeseen expenditures.
- 5) The budget must be prepared in accordance with GAAP (generally accepted accounting principles) and state guidelines.
- 6) The budget must be legally adopted before the adoption of the tax rate. However, if a school district has a July 1st fiscal year start date, then a school district must not adopt a tax rate until after the district receives the certified appraisal roll for the district required by Section 26.01, Tax Code. Additionally, a school district must publish a revised notice and hold another public meeting before the district may adopt a tax rate that exceeds the following: (1) The rate proposed in the notice prepared using the estimate; or (2) The district's rollback rate determined under Section 26.08, Tax Code, using the certified appraisal roll.

TEA has developed additional requirements for school district budget preparation as follows:

- 1) The budget must be adopted by the board of trustees, inclusive of amendments, no later than August 31 (June 30 if the district uses a July 1 fiscal year start date).
- 2) Minutes from district board meetings will be used by TEA to record adoption of and amendments to the

budget.

- 3) Budgets for the General Fund, the Food Service Fund (whether accounted for in the General Fund, a Special Revenue Fund or Enterprise Fund) and the Debt Service Fund must be included in the official district budget (legal or fiscal year basis). These budgets must be prepared and approved at least at the fund and function levels to comply with the state's legal level of control mandates.
Note: Districts may prepare and approve budgets for other funds and/or with even greater detail at their discretion. Such local decisions may affect the need for budget amendments and financial reporting requirements.
- 4) The officially adopted district budget, as amended, must be filed with TEA through PEIMS (Public Education Information Management System) by the date prescribed in the annual system guidelines. Revenues, other sources, other uses, and fund balances must be reported by fund, object (at the fourth level), fiscal year, and amount. Expenditures must be reported by fund, function, object (at the second level), organization, fiscal year, program intent and amount. These requirements are discussed in further detail in the Data Collection and Reporting module.
- 5) A school district must amend the official budget before exceeding a functional expenditure category, i.e., instruction, administration, etc., in the total district budget. The annual financial and compliance report should reflect the amended budget amounts on the schedule comparing budgeted and actual amounts. The requirement for filing the amended budget with TEA is satisfied when the school district files its Annual Financial and Compliance Report.

In addition to state legal requirements, individual school districts may establish their own requirements for annual budget preparation. Local fiscal policies may dictate budgetary requirements which go beyond those required by the Texas Education Code and TEA. These policies may include:

- Fund balance levels
- Debt service fund balance accumulation
- Financial performance comparison measures
- Staffing levels

There are four truth-in-taxation principles, which apply to taxing units:

- 1) Property owners have the right to know of increases in their properties' appraised values and to be notified of the taxes that could result from the new value.
- 2) A taxing unit must calculate and publish the effective and rollback tax rates before adopting an actual tax rate.
- 3) A unit must publish special notices and hold a public hearing before adopting a tax rate that exceeds either the effective tax rate plus three percent or the rollback rate.
- 4) If the unit adopts a rate that exceeds the rollback rate, voters may start a petition for an election to limit the rate to the rollback rate. School districts must hold rollback elections to limit tax increases above the rollback rate for the current year, without a petition.

Note: Districts should consult the comptroller's Guide for Setting Tax Rates: Truth in Taxation publication and/or TEA for more information on tax rate limitations and rollback worksheets.

Budgeting for Funds Other than the General Fund

The District has many different fund accounts. The General Fund 199 accounts for the vast majority of salaries, benefits and other day-to-day operational costs of the District. However, there are many other funds that account for various special purpose activities within the District. There are numerous federal grant programs, debt service and capital project funds, internal service, agency and activity funds and fund groups that exist for accounting purposes. The only funds that require a legally adopted budget are the General, Debt Service and Food Service funds. Other funds may utilize a managerial budget, or one which does not necessarily require legal approval by the Board of Trustees.

Budget preparation for grant funds should take place during the normal budget process or as soon thereafter as possible. Notice of Grant Awards (NOGA) are not usually received until late summer or later, which delays adoption of budgets for many of the special revenue (federal grant) funds each year.

Budget Amendments

There are two types of budget amendments. Amendments that move budgeted funds between accounts but within the same function do not require Board of Trustee approval and can be processed at any time during the year. These requests are submitted on a Budget Change Request form, and approved by the Superintendent. Budget transfer line items should exceed \$50, and be stated in whole dollars. The Director of Finance will review, and process if approved. To keep budget transfers to a minimum, each budget manager should review his/her budget on at least a monthly basis to determine if any budget transfers are necessary.

Amendments that move funds from one account to another and which also change function codes by law must be presented to the Board of Trustees for approval. Budget amendments that require Trustee approval will be prepared by the Superintendent, and are presented to the Board periodically during the fiscal year, as needed. Budget amendment line items should exceed \$100, and be stated in whole dollars. If a purchase order is pending the outcome of a budget amendment, the purchase order will not be processed until after the School Board has approved the request.

ACTIVITY FUND GUIDELINES

Student Activity Funds

Student activity funds are held in a custodial capacity by the district. These funds are under the control of the sponsor and the campus principal and shall be used for the benefit of the students. Student activity funds shall be used at the discretion of the student organization through designation of one or more of its officers. To establish an activity account, an organization should have an approved constitution and elected officers. The assigned organization sponsor shall be responsible for the proper management of the student activity accounts.

Generation of student activity funds should not in any way compete with the district's National School Lunch Program (NSLP).

Campus Activity Funds

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

Accounting for Activity Funds

All expenditures and payments for activity funds are centralized through the district's business office. The same procedures are followed for activity funds as are followed for all other funds within the district. Deposits must follow the district procedures, and Purchase Requisitions must be processed for payments from activity funds.

Activity Accounts (Student Organizations)

Student activity funds (under the control of the principal) shall be collected, receipted, and deposited to the district's business office on a daily basis, accompanied by an *Activity Fund Cash Deposit Form*. [see Attachment A] Refer also to cash/check handling procedures. All monies collected should be receipted in a receipt book [bound and pre-numbered receipts] or on approved fundraising forms.

Student activity funds shall be used exclusively for the benefit of students. Typical uses include travel, awards, banquets, supplies, etc. These funds shall be used at the discretion of the student organization through designation of one or more of its officers. All expenditures and payments to vendors shall be centralized through the district's business office.

Generation of student activity funds shall not in any way compete with the district's National School Lunch

Program (NSLP). An Authorization to Conduct to a Fund Raiser request should be submitted to the campus

principal in advance of the scheduled activity. Activity funds shall be audited and must adhere to accepted business practices.

Merchandise ordered for resale should be distributed to students on a written distribution log. The merchandise distribution log should reconcile with the corresponding invoice and/or packing list.

To establish an activity account, an organization should have an approved constitution and elected officers. The treasurer and/or president of the organization shall sign-off on all purchases. The assigned organization sponsor (professional staff member) shall be responsible for the proper management of the student activity accounts. Annual training will be scheduled to assist the organization sponsors in managing their respective student activity account(s).

Since Student Activity Accounts are trust funds that the campus manages on behalf of the students, accountability for these funds is extremely high. All Activity Account records must be maintained for a period of seven (7) years. This includes merchandise logs, receipt logs/books, profit/loss statements, etc. At the end of every school year, the Campus Principal, as part of the closeout procedures, shall collect all club records for storage on the campus for one year, then at the records center for the rest of the archival period of time.

GRANTS MANAGEMENT GUIDELINES

Responsibilities of the Grant Management Department

Grants Management is in the Business Department under the direction of the Superintendent and the Director of Finance and is responsible to the Superintendent, the Era Independent School District (“ISD”) Board of Trustees and to the granting agencies for the financial and regulatory administration of all state and federal financial assistance to the District.

Overall responsibility for submitting proposals and for executing and administering awards rests with the Superintendent. The District has adopted an institutional oversight model for state and federal financial assistance. The oversight model establishes lines of authority within the District related to financial transactions on government assistance received. There are three fundamental principles:

1. The Director of Finance is the final approval authority for all grant activity prior to submission to the Superintendent.
2. Responsibility is defined as the authority to make a decision and be accountable for any outcomes associated with that decision.
3. Oversight is always distinct from the operating unit that makes the decisions.

The overall responsibilities of the Grants Management function include, but are not limited to:

1. Reviewing all grant applications that have a financial reporting or compliance requirement prior to submission for approval by the Superintendent;
2. Establishing, communicating and promoting policies and procedures consistent with federal, state, and local regulations;
3. Providing assistance to project managers for the preparation of grant applications;
4. Exercising budgetary control of grant funds;
5. Providing overall financial support and monitoring; and
6. Providing overall compliance monitoring to include;
7. Maintaining an adequate internal control structure to ensure compliance with applicable laws and regulations related to the state and federal regulations;
8. Coordinating formal agency audits or interim reviews of grants by federal or state agencies; and
9. Providing support and guidance to campus and central administrative offices for the effective administration and financial management of grants.

Staff Responsibilities:

Superintendent – Responsible for Program Management.

Program Management

- Evaluate all federal legislation, projects, and programs for grant, entitlement, and allocation opportunities relevant to the needs of the district.
- Inform other administration of the effects of current and impending legislation.
- Participate in the drafting of project proposals and reports, including the writing and development of program goals, objectives, and budget for federal/special funding of programs.
- Prepare and submit standard applications for federal funds to Texas Education Agency (TEA).
- Evaluate all requests for projects and programs requiring federal/special money.
- Develop and coordinate a continuing evaluation of the federal/special programs and implement changes based on the findings.

Consultation

- Serve as liaison between school and other agencies on joint projects that are federally funded.
- Consult with administrators, counselors, teachers, community agencies, and other relevant individuals regarding federal/special programs.

Policy, Reports, and Law

- Compile, maintain, and file all physical and computerized reports, records, and other documents required.
- Comply with policies established by federal and state law, State Board of Education rule, and the local board policy.

Director of Finance - Reports directly to the Superintendent and is responsible for Fiscal Management.

Budget

- Monitor grant-funded programs and their expenditures to ensure compliance with regulations and guidelines.
- Ensure that programs are cost effective and that federal/special programs are managed wisely.
- Compile budget and cost estimates based on documented program needs.

Consultation

- Serve as liaison between school and other agencies on joint projects that are federally funded.
- Consult with administrators, counselors, teachers, community agencies, and other relevant individuals regarding federal/special programs.

Policy, Reports and Law

- Compile, maintain, and file all physical and computerized reports, records and other documents required, including required financial reports to TEA.
- Comply with policies established by federal and state law, State Board of Education rule, and the local board policy.

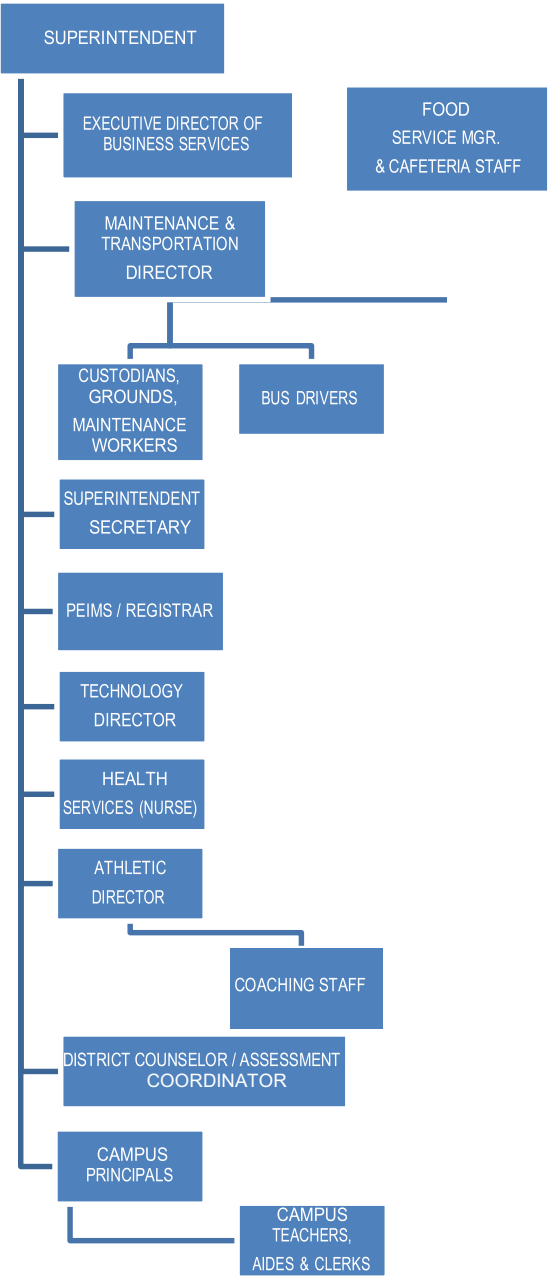
Department Responsibilities

Duties	Staff Responsible
Review CIP and DIP for compliance	Superintendent
Conduct comprehensive needs assessment for District	Superintendent
Develop plan from assessment, identified needs and prepare budget, staffing and program descriptions	Superintendent
Compliance reporting/programmatic	Superintendent
Training on budgeting, budget amendments, coding, time and effort, purchasing, purchasing cards, credit cards, split-funded salary allocations, contract monitoring (including debarred vendors), travel reimbursements and other employee reimbursements, and selected unallowable costs	Director of Finance/ Superintendent

Approval of all purchases to ensure compliance with grant requirements, coding, allowability of costs, competitive procurement, correct pricing on bids and proposals, eligible vendors (not on debarred list) and alignment with identified needs, CIPs and DIPs	Director of Finance/ Superintendent
Compliance reporting/financial	Director of Finance
Periodic reporting (cash drawdowns)	Director of Finance
Quarterly reporting	Director of Finance
Budget reporting to budget managers, campuses, and central administration	Director of Finance
Reconciliation of accounting records with expenditure reports to grantor agencies	Director of Finance
Annual review of code of ethics (34CFR Section 80.36), policies and administrative procedures for all of the above listed duties and responsibilities	Superintendent/ Director of Finance

Note – This list is not all-inclusive. *All planning and reporting done in consultation with contracted grant management consultants.*

Era ISD Organizational Chart



Supplement Not Supplant Procedures

Era ISD has implemented guidelines to ensure compliance with the federal fiscal requirement of supplement, not supplant. The purpose of the procedures is to ensure that the level of state and local support for programs remains at least constant and is not replaced by federal funds. Federal funds are used to supplement (add to, enhance, to expand, or increase) the funds available from non-federal sources, and not to supplant (replace or take the place of) the existing non-federal funds.

1. Federal funds shall not be used to provide services that the District is required to provide under federal, state, or local laws/policies.
 - a. Salary expenditures for staff required by federal, state, or local policy shall not be paid from federal funds. For example, teacher FTEs that meet the state's required student-teacher ratio for grades PK through 4th will not be funded from federal funds. Excess teacher units, if any, may be eligible for payment through federal funds.
 - i. Documentation shall include a report that reflects the teacher units throughout the district mandated by the state and the excess units, if any.
 - b. Salary expenditures for staff required by local policy shall not be paid from federal funds. Excess staff units, if any, may be eligible for payment through federal funds.
 - i. Documentation shall include Board minutes or local policy reflecting the staffing requirement and a report that reflects the staff units throughout the district mandated by the local minutes/policy and the excess units, if any.
 - c. Federal funds shall not be used to pay for state required activities, such as state-mandated assessments.
 - i. Documentation shall include purchase orders for state required activities. The purchase orders shall reflect that non-federal funds were used to pay for the expenditures.
2. All purchase orders with federal funds shall be reviewed by the appropriate Director to ensure compliance with the supplement, not supplant provision.
3. Federal funds shall not be used to provide staff that the District provided with non-federal funds in the prior year.
4. Documentation may include a report that reflects the staff units throughout the district and the prior year and current year source of funding.
5. Federal funds shall not be used to pay for goods or services that the District provided with non-federal funds in the prior year.
 - a. Documentation may include Budget Worksheets or other budget documents.
6. Procedures for determining that program-specific supplement, not supplant provisions are met.
7. Title I, Part A – School-wide Programs
 - a. Title I, Part A federal funds shall be used only to supplement the amount of funds available from non-federal sources for the campus including funds needed to provide services that are required by law for children with disabilities and children with limited English proficiency. A school-wide campus does not have to demonstrate that activities are supplemental. The school is not required to identify particular children or to provide supplemental services to identified children.
 - b. A review of the non-federal funds available to each campus (school-wide and non-participating) shall be conducted on an annual basis.
8. IDEA B Formula (Shared Service Arrangement – Cooke County Special Education Cooperative)
 - a. IDEA B Formula funds are to be used to account, on a project basis, for funds granted to operate educational programs for children with disabilities.
 - b. A review of the non-federal funds available to each campus (school-wide and non-participating) shall be conducted on an annual basis.
9. Vocational Education-Basic Grant (Shared Service Arrangement – ESC XI)

- a. Vocational Education-Basic Grant funds are to be used to account, on a project basis, for funds granted to provide Career and Technical education to develop new and/or improve Career and Technical education programs for paid and unpaid employment.
 - b. A review of the non-federal funds available to each campus (school-wide and non-participating) shall be conducted on an annual basis.
10. Title II, Part A – Teacher/Principal Training and Recruitment
- a. Using Title II, Part A funds to meet any state mandate or local board policy would be considered supplanting. For example, if the District decides to use Title II, Part A funds to hire additional teachers to reduce class size in Grade 2, the state mandate student/teacher ratio must be met with state and/or local funds before additional teachers may be hired with Title II, Part A funds.
 - b. Documentation may include a report that reflects the teacher units throughout the district mandated by the state and the excess units, if any.
11. Title III, Part A – LEP (Shared Service Arrangement – ESC XI)
- a. The purpose of grants made to LEAs under Title III, part A is to improve the education of limited English proficient children by assisting the children to learn English and meet challenging State academic content and student academic achievement standards. Districts that would receive less than \$10,000.00 are required to form consortiums in order to receive funding.
 - b. Region XI Education Service Center serves as the Designated Fiscal Agent for these funds, and administers programs for the District to meet the needs and intents of these funds. The District is involved annually with ESC XI in the process of evaluating and determining compliance status for the use of these funds.
12. USDE REAP Grant
- a. The purpose of the REAP program is to help eligible LEAs address local academic needs more effectively by giving them greater flexibility in the use of limited federal resources needed to compete effectively for Federal competitive grants; REAP is designed to address the unique needs of rural schools districts that frequently (1) lack the personnel and resources and (2) receive formula allocations in amounts too small to be effective in meeting their intended purposes.
 - b. The District utilizes these grant funds, when available, consistent with the use of Title 1, Part A funding.

Time and Effort Requirements

Time and effort certifications or time and effort logs are required from all grant funded District personnel. Time and effort forms are required to be completed at the end of each semester by any central administrative personnel that are grant funded. Campus personnel that are 100% grant funded are to complete a time and effort certification at the end of each semester. All personnel that are split-funded must complete a monthly time and effort form which reflects daily duties that were performed during the month. The certifications and time and effort logs must be signed by the employee and their supervisor. All completed forms are to be submitted to the Director of Finance in a timely manner. The Director of Finance is responsible for reconciling time and effort to actual pay and making necessary adjustments.

Expenditure Documentation – Charges to Payroll

All charges to payroll for grant-funded personnel must be based on one of the following:

- 1. Certification (except for programs covered under Ed-Flex, in which case a signed and dated job description must be in the employee's personnel file);
- 2. Time and effort records; or
- 3. Substitute system

This section also covers items related to using budget estimates, cost sharing, and job descriptions.

- 1. **CERTIFICATION:** For employees

- a. Who work 100 percent in administering programs that are part of consolidated administrative funds;

- b. Who work under a single grant program; or
- c. Who work under a single cost objective, including Title I, Part A school-wide programs funded from eligible multiple funding sources.
 - i. These employees are not required to maintain time and effort records. However, each employee must certify in writing, at least semi-annually, that he/she worked solely on the program(s) for the period covered by the certification. The certification must be signed by the employee or by the supervisor having first-hand knowledge of the work performed. Changes to the grant must be supported by these semi-annual certifications. This is a requirement under 2 CFR Part 225, Cost Principles for State, Local and Indian Tribal Governments. See Appendix B for a sample of this form.
 - ii. "Cost objective" means a function, organizational subdivision, contract, grant, or other activity for which cost data is needed and for which costs are incurred. A Title 1, Part A School-wide program funded from multiple funding sources is considered a "single cost objective".

2. **JOB DESCRIPTON:** For employees

- a. Who work 100 percent of their time in administrating programs that are part of the LEA's consolidated administrative funds;
- b. Who work under a single grant program; or
- c. Who work under a single cost objective, including Title 1, Part A school-wide programs funded from eligible multiple funding sources.
 - i. These employees are required to maintain on file a signed and dated job description which clearly shows that the employee is assigned 100 percent to the program or single cost objective. The job description must be updated annually or when a function or activity is added to or deleted from an existing job description, must clearly identify the function and activities performed by the employee for the applicable fund source(s) or cost objective, and must be maintained in the employee's personnel file and signed by the employee. See Appendix A for a sample job description.

3. **TIME AND EFFORT:** For employees

- a. Who do not work 100 percent in administrating programs that are part of the LEA's consolidated administrative funds;
- b. Who work under multiple grant programs; or
- c. Who work under multiple cost objectives
 - i. These employees are required to maintain time and effort records or to account for their time and effort records or to account for their time under a substitute system. (See number 4). Employees must prepare time and effort reports, at least monthly, to coincide with pay periods. Such reports must reflect an after-the-fact distribution of 100 percent of the actual time spent on each activity and must be signed by the employee. Changes to payroll must be adjusted at least quarterly to coincide with preparation and submittal of the quarterly expenditure report.

Examples:

- 1) Employees who work partially on administering programs that are part of the District's consolidated administrative funds and partially from other funds must maintain time and effort or account for their time under a substitute system.
- 2) Employees who are paid partially on administering programs that are part of the District's consolidated administrative funds and partially from program funds must maintain time and effort or account for their time under a substitute system.
- 3) Employees who work a portion of their time as a Title I school-wide project and a portion of the time in another activity must maintain time and effort or account for their time under a substitute system.

4. **SUBSTITUTE SYSTEM** in Lieu of Time and Effort Reports:

- a. Substitute systems for allocating salaries and wages may be used in place of time and effort reports. Substitute systems may include, but are not limited to, random moment sampling, case counts, or other quantifiable measures of employee effort. Substitute systems which use sampling methods must meet acceptable statistical sampling standards. Refer to 2 CFR Part 225 for detailed requirements.
- b. Documentation of rationale and calculations for allocating salaries and wages must be maintained for audit purposes. It is recommended that a copy of a Certified Public Accountant (CPA) approval of a substitute system be kept on file for documentation.

Using Budget Estimates As Support for Changes to Federal Grants:

Budget estimates or other distributions determined before services are performed do not qualify as support for changes to federal grants. Budget estimates may be used for interim accounting purposes only provided that:

1. The estimates are a reasonable approximation of the activity performed;
2. Comparisons of actual costs based on time and effort reports to budgeted costs are made at least quarterly; and
3. Budget estimates are revised at least quarterly to reflect any changes in circumstances.
 - a. If the quarterly comparison between budgeted and actual costs shows a difference of less than 10 percent, adjustments to changes to the grant may be made annually. The final costs charged to the grant and reported on the final expenditure report filed with the TEA must reflect the actual distribution of time reported by employees paid from grants. NOTE: Monthly time and effort reports are still required when using budget estimates.
 - b. Refer to 2 CFR Part 225 for more detailed information pertaining to charges to payroll under section entitled "Compensation for personnel services". Salaries and wages of employees used in meeting cost sharing or matching requirements must be supported with time and effort records in the same manner.

Job Descriptions

A current job description for each employee which delineates the program(s) or cost objectives under which the employee works should be available for documentation to support changes to federal programs. For teachers and instructional aides, daily class schedules should provide adequate documentation. However teachers and instructional aides must maintain on file a signed and dated job description, agreement or equivalent documentation identifying the function(s) and activities performed for fund sources before or after their normal work day. Job descriptions must be updated annually or when a function or activity is added to or deleted from an existing job description, must clearly identify the function and activities performed by the employee for the applicable fund source(s) or cost objective, and must be maintained in the employee's personnel file and signed by the employee. See Appendix A for a sample job description.

Standards for Financial Management Systems

1. A District must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the District, as well as its sub-grantees and cost-type contractors, must be sufficient to:
 - a. Permit preparation of reports required by this part and the statutes authorizing the grant, and
 - b. Permit the tracking of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.
2. The financial management systems of other grantees and sub-grantees must meet the following standards:
 - a. Financial reporting - Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or sub-grant.
 - b. Accounting records - Grantees and sub-grantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain

information pertaining to grant or sub-grant awards and authorizations, obligations, un-obligated balances, assets, liabilities, outlays or expenditures, and income.

- c. Internal control - Effective control and accountability must be maintained for all grant and sub-grant cash, real and personal property, and other assets. Grantees and sub-grantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes.
- d. Budget control - Actual expenditures or outlays must be compared with budgeted amounts for each grant or sub-grant. Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the grant or sub-grant agreement. If unit cost data are required, estimates based on available documentation will be accepted whenever possible.
- e. Allowable cost - Applicable OMB cost principles, agency program regulations, and the terms of grant and sub-grant agreements will be followed in determining the reasonableness, allowability, and allocability of costs.
- f. Source documentation - Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and sub-grant award documents, etc.
- g. Cash management - Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and sub-grantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on sub-grantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make draw-downs as close as possible to the time of making disbursements. Grantees must monitor cash draw-downs by their sub-grantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees.
- h. An awarding agency may review the adequacy of the financial management system of any applicant for financial assistance as part of a pre-award review or at any time subsequent to award.

Allowable Costs

1. *Limitation on use of funds.* Grant funds may be used only for:
 - a. The allowable costs of the grantees, sub-grantees and cost-type contractors, including allowable costs in the form of payments to fixed-price contractors; and
 - b. Reasonable fees or profit to cost-type contractors but not any fee or profit (or other increment above allowable costs) to the grantee or sub-grantee.
 - c. The District does not permit the use of grant funds through procurement cards or revolving lines of credit.
2. For each kind of organization, there is a set of Federal principles for determining allowable costs. For the costs of a District, local, or Indian tribal government, the Secretary applies the cost principles in 2 CFR Part 225.

Period of Availability of Funds

1. General - Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period.
2. Liquidation of obligations - A grantee must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period (or as specified in a program regulation) to coincide with the submission of the Annual Financial Status Report. The Federal agency may extend this deadline at the request of the grantee.

Matching or Cost Sharing

1. *Basic rule: Costs and contributions acceptable.* With the qualifications and exceptions listed in paragraph B of this section, a matching or cost sharing requirement may be satisfied by either or both of the following:
 - a. Allowable costs incurred by the grantee, sub-grantee or a cost-type contractor under the assistance agreement. This includes allowable costs borne by non-Federal grants or by others cash donations from non-Federal third parties.
 - b. The value of third party in-kind contributions applicable to the period to which the cost sharing or matching requirements applies.
2. *Qualifications and exceptions —*
 - a. *Costs borne by other Federal grant agreements.* Except as provided by Federal statute, a cost sharing or matching requirement may not be met by costs borne by another Federal grant. This prohibition does not apply to income earned by a grantee or sub-grantee from a contract awarded under another Federal grant.
 - b. *General revenue sharing.* For the purpose of this section, general revenue sharing funds distributed under 31 U.S.C. 6702 are not considered Federal grant funds.
 - c. *Cost or contributions counted towards other Federal costs-sharing requirements.* Neither costs nor the values of third party in-kind contributions may count towards satisfying a cost sharing or matching requirement of a grant agreement if they have been or will be counted towards satisfying a cost sharing or matching requirement of another Federal grant agreement, a Federal procurement contract, or any other award of Federal funds.
 - d. *Costs financed by program income.* Costs financed by program income, as defined in 34 CFR 80.25, shall not count towards satisfying a cost sharing or matching requirement unless they are expressly permitted in the terms of the assistance agreement. (This use of general program income is described in 34 CFR 80.25(g).)
 - e. *Services or property financed by income earned by contractors.* Contractors under a grant may earn income from the activities carried out under the contract in addition to the amounts earned from the party awarding the contract. No costs of services or property supported by this income may count toward satisfying a cost sharing or matching requirement unless other provisions of the grant agreement expressly permit this kind of income to be used to meet the requirement.
 - f. *Records.* Costs and third party in-kind contributions counting towards satisfying a cost sharing or matching requirement must be verifiable from the records of grantees and sub-grantee or cost-type contractors. These records must show how the value placed on third party in-kind contributions was derived. To the extent feasible, volunteer services will be supported by the same methods that the organization uses to support the allocability of regular personnel costs.
 - g. *Special standards for third party in-kind contributions.*
 - i. Third party in-kind contributions count towards satisfying a cost sharing or matching requirement only where, if the party receiving the contributions were to pay for them, the payments would be allowable costs.
 - ii. Some third party in-kind contributions are goods and services that, if the grantee, sub-grantee, or contractor receiving the contribution had to pay for them, the payments would have been indirect costs. Costs sharing or matching credit for such contributions shall be given only if the grantee, sub-grantee, or contractor has established, along with its regular indirect cost rate, a special rate for allocating to individual projects or programs the value of the contributions.
 - iii. A third party in-kind contribution to a fixed-price contract may count towards satisfying a cost sharing or matching requirement only if it results in:
 - (1) An increase in the services or property provided under the contract (without additional cost to the grantee or sub-grantee) or

(2) A cost savings to the grantee or sub-grantee.

The values placed on third party in-kind contributions for cost sharing or matching purposes will conform to the rules in the succeeding sections of this part. If a third party in-kind contribution is a type not treated in those sections, the value placed upon it shall be fair and reasonable.

3. *Valuation of donated services* —

- a. *Volunteer services.* Unpaid services provided to a grantee or sub-grantee by individuals will be valued at rates consistent with those ordinarily paid for similar work in the grantee's or sub-grantee's organization. If the grantee or sub-grantee does not have employees performing similar work, the rates will be consistent with those ordinarily paid by other employers for similar work in the same labor market. In either case, a reasonable amount for fringe benefits may be included in the valuation.
- b. *Employees of other organizations.* When an employer other than a grantee, sub-grantee, or cost-type contractor furnishes free of charge the services of an employee in the employee's normal line of work, the services will be valued at the employee's regular rate of pay exclusive of the employee's fringe benefits and overhead costs. If the services are in a different line of work, paragraph (c) (1) of this section applies.

4. *Valuation of third party donated supplies and loaned equipment or space.*

- a. If a third party donates supplies, the contribution will be valued at the market value of the supplies at the time of donation.
- b. If a third party donates the use of equipment or space in a building but retains title, the contribution will be valued at the fair rental rate of the equipment or space.

5. *Valuation of third party donated equipment, buildings, and land.* If a third party donates equipment, buildings, or land, and title passes to a grantee or sub-grantee, the treatment of the donated property will depend upon the purpose of the grant or sub-grant, as follows:

- a. *Awards for capital expenditures.* If the purpose of the grant or sub-grant is to assist the grantee or sub-grantee in the acquisition of property, the market value of that property at the time of donation may be counted as cost sharing or matching,
- b. *Other awards.* If assisting in the acquisition of property is not the purpose of the grant or sub-grant, paragraphs 5,b,i and ii of this section apply:
 - i. If approval is obtained from the awarding agency, the market value at the time of donation of the donated equipment or buildings and the fair rental rate of the donated land may be counted as cost sharing or matching. In the case of a sub-grant, the terms of the grant agreement may require that the approval be obtained from the Federal agency as well as the grantee. In all cases, the approval may be given only if a purchase of the equipment or rental of the land would be approved as an allowable direct cost. If any part of the donated property was acquired with Federal funds, only the non-federal share of the property may be counted as cost-sharing or matching.
 - ii. If approval is not obtained under paragraph 5,b,i of this section, no amount may be counted for donated land, and only depreciation or use allowances may be counted for donated equipment and buildings. The depreciation or use allowances for this property are not treated as third party in-kind contributions. Instead, they are treated as costs incurred by the grantee or sub-grantee. They are computed and allocated (usually as indirect costs) in accordance with the cost principles specified in 34 CFR 80.22, in the same way as depreciation or use allowances for purchased equipment and buildings. The amount of depreciation or use allowances for donated equipment and buildings is based on the property's market value at the time it was donated.

6. *Valuation of grantee or sub-grantee donated real property for construction/acquisition.* If a grantee or sub-grantee donates real property for a construction or facilities acquisition project, the current market value of that property may be counted as cost sharing or matching. If any part of the donated property was acquired with Federal funds, only the non-federal share of the property may be counted as cost sharing or matching.

7. *Appraisal of real property.* In some cases under paragraphs 4, 5 and 6 of this section, it will be necessary to establish the market value of land or a building or the fair rental rate of land or of space in a building. In these

cases, the Federal agency may require the market value or fair rental value be set by an independent appraiser, and that the value or rate be certified by the grantee. This requirement will also be imposed by the grantee on sub-grantees.

Program Income

1. *General.* Grantees are encouraged to earn income to defray program costs. Program income includes income from fees for services performed, from the use or rental of real or personal property acquired with grant funds, from the sale of commodities or items fabricated under a grant agreement, and from payments of principal and interest on loans made with grant funds. Except as otherwise provided in regulations of the Federal agency, program income does not include interest on grant funds, rebates, credits, discounts, refunds, etc. and interest earned on any of them.
2. *Definition of program income.* Program income means gross income received by the grantee or sub-grantee directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period. "During the grant period" is the time between the effective date of the award and the ending date of the award reflected in the final financial report.
3. *Cost of generating program income.* If authorized by Federal regulations or the grant agreement, costs incident to the generation of program income may be deducted from gross income to determine program income.
4. *Governmental revenues.* Taxes, special assessments, levies, fines, and other such revenues raised by a grantee or sub-grantee are not program income unless the revenues are specifically identified in the grant agreement or Federal agency regulations as program income.
5. *Royalties.* Income from royalties and license fees for copyrighted material, patents, and inventions developed by a grantee or sub-grantee is program income only if the revenues are specifically identified in the grant agreement or Federal agency regulations as program income. (See 34 CFR 80.34.)
6. *Property.* Proceeds from the sale of real property or equipment will be handled in accordance with the requirements of 34 CFR 80.31 and 80.32.
7. *Use of program income.* Program income shall be deducted from outlays which may be both Federal and non-Federal as described below, unless the Federal agency regulations or the grant agreement specify another alternative (or a combination of the alternatives). In specifying alternatives, the Federal agency may distinguish between income earned by the grantee and income earned by sub-grantees and between the sources, kinds, or amounts of income. When Federal agencies authorize the alternatives in paragraphs G (2) and (3) of this section, program income in excess of any limits stipulated shall also be deducted from outlays.
 - a. *Deduction.* Ordinarily program income shall be deducted from total allowable costs to determine the net allowable costs. Program income shall be used for current costs unless the Federal agency authorizes otherwise. Program income which the grantee did not anticipate at the time of the award shall be used to reduce the Federal agency and grantee contributions rather than to increase the funds committed to the project.
 - b. *Addition.* When authorized, program income may be added to the funds committed to the grant agreement by the Federal agency and the grantee. The program income shall be used for the purposes and under the conditions of the grant agreement.
 - c. *Cost sharing or matching.* When authorized, program income may be used to meet the cost sharing or matching requirement of the grant agreement. The amount of the Federal grant award remains the same.
 - d. *Income after the award period.* There are no Federal requirements governing the disposition of program income earned after the end of the award period (i.e., until the ending date of the final financial report, see paragraph (a) of this section), unless the terms of the agreement or the Federal agency regulations provide otherwise.

Amendments and Changes

1. General - Grantees and sub-grantees are permitted to re-budget within the approved direct cost budget to meet unanticipated requirements and may make limited program changes to the approved project. However, unless waived by the awarding agency, certain types of post-award changes in budgets and projects shall require the prior written approval of the awarding agency.
2. Relation to cost principles - The applicable cost principles (see 34 CFR 80.22) contain requirements for prior approval of certain types of costs. Except where waived, those requirements apply to all grants and sub-grants even if paragraphs 3 through 6 of this section do not.
3. Budget changes
 - a. Non-construction projects. Except as stated in other regulations or an award document, grantees or sub-grantees shall obtain the prior approval of the awarding agency whenever any of the following changes is anticipated under a non-construction award:
 - i. Any revision which would result in the need for additional funding.
 - ii. Unless waived by the awarding agency, cumulative transfers among direct cost categories, or, if applicable, among separately budgeted programs, projects, functions, or activities which exceed or are expected to exceed ten percent of the current total approved budget.
 - iii. Transfer of funds allotted for training allowances (i.e., from direct payments to trainees to other expense categories).
 - b. Construction projects. Grantees and sub-grantees shall obtain prior written approval for any budget revision which would result in the need for additional funds.
 - c. Combined construction and non-construction projects. When a grant or sub-grant provides funding for both construction and non-construction activities, the grantee or sub-grantee must obtain prior written approval from the awarding agency before making any fund or budget transfer from non-construction to construction or vice versa.
4. Programmatic changes - Grantees or sub-grantees must obtain the prior approval of the awarding agency whenever any of the following actions is anticipated:
 - a. Any revision of the scope or objectives of the project (regardless of whether there is an associated budget revision requiring prior approval).
 - b. Need to extend the period of availability of funds.
 - c. Changes in key persons in cases where specified in an application or a grant award. In research projects, a change in the project director or principal investigator shall always require approval unless waived by the awarding agency.
 - d. Under non-construction projects, contracting out, sub-granting (if authorized by law) or otherwise obtaining the services of a third party to perform activities which are central to the purposes of the award. This approval requirement is in addition to the approval requirements of 34 CFR 80.36 but does not apply to the procurement of equipment, supplies, and general support services.
5. Additional prior approval requirements - The awarding agency may not require prior approval for any budget revision which is not described in paragraph 3 of this section.
6. Requesting prior approval.
 - a. A request for prior approval of any budget revision will be in the same budget form as the grantee used in its application and shall be accompanied by a narrative justification for the proposed revision.
 - b. A request for a prior approval under the applicable Federal cost principles (see 34 CFR 80.22) may be made by letter.
 - c. A request by a sub-grantee for prior approval will be addressed in writing to the grantee. The grantee will promptly review such request and shall approve or disapprove the request in writing. A grantee will not approve any budget or project revision which is inconsistent with the purpose or terms and conditions of the Federal grant to the grantee.

If the revision, requested by the sub-grantee would result in a change to the grantee's approved project which requires Federal prior approval, the grantee will obtain the Federal agency's approval before approving the sub-grantee's request.

Equipment

1. *Title.* Subject to the obligations and conditions set forth in this section, title to equipment acquired under a grant or sub-grant will vest upon acquisition in the grantee or sub-grantee respectively.
2. *States.* A District will use, manage, and dispose of equipment acquired under a grant by the District in accordance with State laws and procedures.

Other grantees and sub-grantees will follow paragraphs 3 through 6 of this section.

3. *Use.*
 - a. Equipment shall be used by the grantee or sub-grantee 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 Federal funds. When no longer needed for the original program or project, the equipment may be used in other activities currently or previously supported by a Federal agency.
 - b. The grantee or sub-grantee shall also make equipment available for use on other projects or programs currently or previously supported by the Federal Government, providing such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use shall be given to other programs or projects supported by the awarding agency. User fees should be considered if appropriate.
 - c. Notwithstanding the encouragement in 34 CFR 80.25(a) to earn program income, the grantee or sub-grantee must not use equipment acquired with grant funds to provide services for a fee to compete unfairly with private companies that provide equivalent services, unless specifically permitted or contemplated by Federal statute.
 - d. When acquiring replacement equipment, the grantee or sub-grantee 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, subject to the approval of the awarding agency.
4. *Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:
 - a. Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
 - b. A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
 - c. A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.
 - d. Adequate maintenance procedures must be developed to keep the property in good condition.
 - e. If the grantee or sub-grantee is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.
5. *Disposition.* When original or replacement equipment acquired under a grant or sub-grant is no longer needed for the original project or program or for other activities currently or previously supported by a Federal agency, disposition of the equipment will be made as follows:
 - a. Items of equipment with a current per-unit fair market value of less than \$5,000 may be retained, sold or otherwise disposed of with no further obligation to the awarding agency.

- b. Items of equipment with a current per unit fair market value in excess of \$5,000 may be retained or sold and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's share of the equipment.
 - c. In cases where a grantee or sub-grantee fails to take appropriate disposition actions, the awarding agency may direct the grantee or sub-grantee to take excess and disposition actions.
6. *Federal equipment.* In the event a grantee or sub-grantee is provided federally-owned equipment:
- a. Title will remain vested in the Federal Government.
 - b. Grantees or sub-grantees will manage the equipment in accordance with Federal agency rules and procedures, and submit an annual inventory listing.
 - c. When the equipment is no longer needed, the grantee or sub-grantee will request disposition instructions from the Federal agency.
7. *Right to transfer title.* The Federal awarding agency may reserve the right to transfer title to the Federal Government or a third party named by the awarding agency when such a third party is otherwise eligible under existing statutes. Such transfers shall be subject to the following standards:
- a. The property shall be identified in the grant or otherwise made known to the grantee in writing.
 - b. The Federal awarding agency shall issue disposition instruction within 120 calendar days after the end of the Federal support of the project for which it was acquired. If the Federal awarding agency fails to issue disposition instructions within the 120 calendar-day period the grantee shall follow 34 CFR 80.32(e).
 - c. When title to equipment is transferred, the grantee shall be paid an amount calculated by applying the percentage of participation in the purchase to the current fair market value of the property.

Financial Reporting

1. General.
- a. Grantees will use only the forms as may from time to time be authorized by OMB, for:
 - i. Submitting financial reports to Federal agencies, or
 - ii. Requesting advances or reimbursements when letters of credit are not used.
 - b. Grantees need not apply the forms prescribed in dealing with their sub-grantees. However, grantees shall not impose more burdensome requirements on sub-grantees.
 - c. Federal agencies may issue substantive supplementary instructions only with the approval of OMB. Federal agencies may shade out or instruct the grantee to disregard any line item that the Federal agency finds unnecessary for its decision-making purposes.
 - d. Grantees will not be required to submit more than the original and two copies of forms required under this part.
 - e. Federal agencies may provide computer outputs to grantees to expedite or contribute to the accuracy of reporting. Federal agencies may accept the required information from grantees in machine usable format or computer printouts instead of prescribed forms.
 - f. Federal agencies may waive any report required by this section if not needed.
 - g. Federal agencies may extend the due date of any financial report upon receiving a justified request from a grantee.
2. Expenditure Reports
- a. Grantees in good standing may report expenditures at any time to receive payment, as long as the request for cash does not exceed three days' cash needs pursuant to cash management requirements. Grantees must record expenditures in the automated expenditure reporting (ER) system provided by Texas Education Agency (TEA). Expenditures should be recorded at least semi-annually (once every six months) or as specified in the applicable Program Guidelines. As needed, the District will draw down funds on a monthly basis to indicate to TEA that grant activities and expenditures are occurring as

planned.

- b. The District will adhere to expenditure report due dates, including submission of expenditure reports showing \$0.00 expended, if that is the case for that reporting period. Semi-annual and other interim expenditures reports will be filed in ER by the required date.
- c. When reporting interim expenditures, grantees shall not request more than 90% of the total grant award. Once the grantee has filed the final expenditures report, they may request up to 100% of the award amount. However, only 90% of final expenditures will be paid to the grantee pending verification that the TEA program manager has received the final program evaluation report. Upon TEA's receipt of the final program evaluation report, the ER system will automatically generate the final 10% payment to the grantee.
- d. The final expenditure report must be filed in ER by the required date, usually 30 days after the ending date of the grant. If a grantee fails to comply with the requirement to submit a final expenditure report within 30 days after the ending date of the grant, the last interim expenditure report filed will be the basis of the final expenditure report.
- e. If a grantee discovered expenditures that are less than the amount initially reported, it must submit a revised final expenditure report in ER immediately. Refunds must then be submitted to TEA within 15 days.

3. Requesting Payments

- a. Grantees in good standing are required to use ER to record expenditures and request payment, for any grants issued through TEA. All individuals reporting and certifying expenditures are required to have an individual TEASE username and password, issued by TEA. For security purposes, the TEASE username and password is not to be shared with any other user.
- b. When reporting expenditures by class-object code, TEA will automatically deny any expenditure report as follows:
 - i. Where the grantee is claiming expenditures in a class/object code not budgeted in the approved application.
 - ii. When the amount claimed is in a class/object code that exceeds the allowable budget variation for that object/code.
 - iii. When the total amount exceeds the total amount of the grant.
- c. Grantees are strongly encouraged to request payment for legitimate expenditures regularly to indicate to TEA that funds are being spent and that activities are being carried out according to the established timelines, provided such payments conform to the rules pertaining to cash management.
- d. TEA reserves the right to require supporting documentation (such as an accounting ledger) that lists the individual expenditures by object code, as well as invoices, receipts, travel vouchers, and other expenditure documents for expenditures at any time during or after the grant period for as long as the records are retained, according to requirements for record retention. The grantee will be required to reimburse any expenditures that are unsupported by appropriate documentation or found to be unallowable under the grant. Depending on the severity of noncompliance with allowable cost principles, TEA may impose certain sanctions, up to and including termination of the grant and refund of all unallowable costs.

4. Cash Management

- a. Administrative requirements for grants stipulate that grantees must request cash (i.e., grant payments) as close as possible to the time of making disbursements. Pursuant to the requirements in 34 CFR 74.21 and .22 and 80.20 and .21, payment requests must be times in accordance with the actual, immediate cash requirements of the grantee.
- b. Grantees should not have more cash on hand than is necessary to meet three days' cash needs. Therefore, grantees should request only that amount that will be paid out within three business days once the payment is received from TEA. Grantees may request payment only for obligations incurred during the grant period. Payments through the ER system should be deposited into the depository bank by the

State Comptroller's Office within six to seven business days of the request (provided TEA receives any supporting documentation requested in a timely manner and there are no other complications with the automated system). Therefore, grantees must request cash no earlier than six working days before actual disbursement of funds.

- c. Grantees must have written procedures and internal controls for cash management to ensure that only the actual amount of cash needed will be requested, and that the cash received will be paid out within three days of receiving it. Procedures should show that the grantee plans carefully for cash flows for grant projects and reviews cash requirements before each request for payment. Cash management procedures are monitored during on-site monitoring visits and during the annual independent audit.
- d. If a grantee draws excess cash and keeps cash on hand for more than three days, the grantee may be required to return to the federal government any interest earned on payments drawn down through ER. Grantees that fail to comply with cash management requirements, including the repayment of interest earned, may be subject to enforcement actions.

Record Retention

1. *Applicability.*

- a. This section applies to all financial and programmatic records, supporting documents, statistical records, and other records of grantees or sub-grantees which are:
 - i. Required to be maintained by the terms of this part, program regulations or the grant agreement;
 - ii. Otherwise reasonably considered as pertinent to program regulations or the grant agreement; or
 - iii. Subject to Local Schedule GR and Local Schedule SD published by the Library and Archives Commission in the section discussing record retention requirements.
- b. This section does not apply to records maintained by contractors or subcontractors. For a requirement to place a provision concerning records in certain kinds of contracts, see § 80.36(i)(10).

2. *Length of retention period.*

- a. Except as otherwise provided, records must be retained for five years from the starting date specified in paragraph 3 of this section.
- b. If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the 5-year period, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular 5-year period, whichever is later.
- c. To avoid duplicate recordkeeping, awarding agencies may make special arrangements with grantees and sub-grantees to retain any records which are continuously needed for joint use. The awarding agency will request transfer of records to its custody when it determines that the records possess long-term retention value. When the records are transferred to or maintained by the Federal agency, the 5-year retention requirement is not applicable to the grantee or sub-grantee.
- d. A recipient that receives funds under a program subject to 20 U.S.C. 1232f (section 437 of the General Education Provisions Act) shall retain records for a minimum of five years after the starting date specified in paragraph 3 of this section.

3. *Starting date of retention period—*

- a. *General.* When grant support is continued or renewed at annual or other intervals, the retention period for the records of each funding period starts on the day of receipt by the awarding agency the final or last expenditure report for that period. However, if grant support is continued or renewed quarterly, the retention period for each year's records starts on the day the grantee submits its expenditure report for the last quarter of the Federal fiscal year. In all other cases, the retention period starts on the day the grantee submits its final expenditure report. If an expenditure report has been waived, the retention period starts on the day the report would have been due.
- b. *Real property and equipment records.* The retention period for real property and equipment records starts

from the date of the disposition or replacement or transfer at the direction of the awarding agency.

- c. *Records for income transactions after grant or sub grant support.* In some cases grantees must report income after the period of grant support. Where there is such a requirement, the retention period for the records pertaining to the earning of the income starts from the end of the grantee's fiscal year in which the income is earned.
- d. *Indirect cost rate proposals, cost allocations plans, etc.* This paragraph applies to the following types of documents, and their supporting records: indirect cost rate computations or proposals, cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates).
 - i. *If submitted for negotiation.* If the proposal, plan, or other computation is required to be submitted to the Federal Government (or to the grantee) to form the basis for negotiation of the rate.

APPENDIX A (Sample Job Description)

Job Title: Teacher (School wide Campus)	Wage/Hour Status: Exempt
Reports to: Principal	Pay Grade: EISD Salary Schedule
Dept./School: Assigned Campus	Date Revised: 8/2012

FEDERALLY-FUNDED POSITION FROM:	Fund 211 – Title 1, Part A
	Paid from School wide single cost objective

Primary Purpose:

Provide students with appropriate learning activities and experiences in the core academic subject area assigned to help them fulfill their potential for intellectual, emotional, physical, and social growth. Enable students to develop competencies and skills to function successfully in society.

Qualifications:

Education/Certification:

Bachelor's degree from accredited university

Valid Texas teaching certificate with required endorsements or training for subject and level assigned

Demonstrated competency in the core academic subject area assigned

Special Knowledge/Skills:

Knowledge of core academic subject assigned

General knowledge of curriculum and instruction

Ability to instruct students and manage their behavior

Strong organizational, communication, and interpersonal skills

Experience:

At least one year student teaching or approved internship

Major Responsibilities and Duties:

Instructional Strategies

1. Develop and implement lesson plans that fulfill the requirements of district's curriculum program and show written evidence of preparation as required.
2. Prepare lessons that reflect accommodations for differences in student learning styles.
3. Present subject matter according to guidelines established by Texas Education Agency, board policies, and administrative regulations.
4. Plan and use appropriate instructional and learning strategies, activities, materials, and equipment that reflect understanding of the learning styles and needs of students assigned.
5. Conduct assessment of student learning styles and use results to plan instructional activities.
6. Work cooperatively with special education teachers to modify curricula as needed for special education students according to guidelines established in Individual Education Plans (IEP).
7. Work with other members of staff to determine instructional goals, objectives, and methods according to district requirements.
8. Plan and supervise assignments of teacher aide(s) and volunteer(s).
9. Use technology to strengthen the teaching/learning process.

Student Growth and Development

10. Help students analyze and improve study methods and habits.
11. Conduct ongoing assessment of student achievement through formal and informal testing.
12. Assume responsibility for extracurricular activities as assigned. Sponsor outside activities approved by the campus principal.
13. Be a positive role model for students, support mission of school district.

Classroom Management and Organization

14. Create classroom environment conducive to learning and appropriate for the physical, social, and emotional development of students.
15. Manage student behavior in accordance with Student Code of Conduct and student handbook.
16. Take all necessary and reasonable precautions to protect students, equipment, materials, and facilities.
17. Assist in selection of books, equipment, and other instructional materials.

Communication

18. Establish and maintain open communication by conducting conferences with parents, students, principals, and teachers.
19. Maintain a professional relationship with colleagues, students, parents, and community members.
20. Use effective communication skills to present information accurately and clearly.

Professional Growth and Development

21. Participate in staff development activities to improve job-related skills.
22. Keep informed of and comply with state, district, and school regulations and policies for classroom teachers.
23. Compile, maintain, and file all physical and computerized reports, records, and other documents required.
24. Attend and participate in faculty meetings and serve on staff committees as required.

Supervisory Responsibilities:

Supervise assigned teacher aide(s).

Working Conditions:

Mental Demands/Physical Demands/Environmental Factors:

Maintain emotional control under stress. Frequent standing, stooping, bending, pulling and pushing. Move small stacks of textbooks, media equipment, desks, and other classroom equipment.

The foregoing statements describe the general purpose and responsibilities assigned to this job and are not an exhaustive list of all responsibilities and duties that may be assigned or skills that may be required.

Employee Name: _____

Date: _____

Employee Signature: _____

APPENDIX B (Sample Semi-Annual Certification Form)

Semi-Annual Personnel Certification Form
OMB Circular A-87 Cost Principals, Revised 2/2008

Grant Program: *(check appropriate grant funding)*

- Title I, Part A
 - Title II, Part A
 - USDE REAP Grant
 - Other (specify): _____
-

I, **print employee name here**, certify that I will work solely (100%) under the single grant program (*checked above*) as a **classroom teacher** (*see attached job description*) from:

August 20, 2012, to December 22, 2012

Signature of Employee

Date

Signature of Supervisor having first-hand knowledge of the work performed

Date

January 7, 2013, to June 7, 2013

Signature of Employee

Date

Signature of Supervisor having first-hand knowledge of the work performed

Date