

Midland Independent School District

**Midland Independent School District**  
**Financial Services**  
Federal Funds Manual  
Revised: August 21, 2018

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**SECTION 1: GENERAL INFORMATION**

**1.1 General Information**

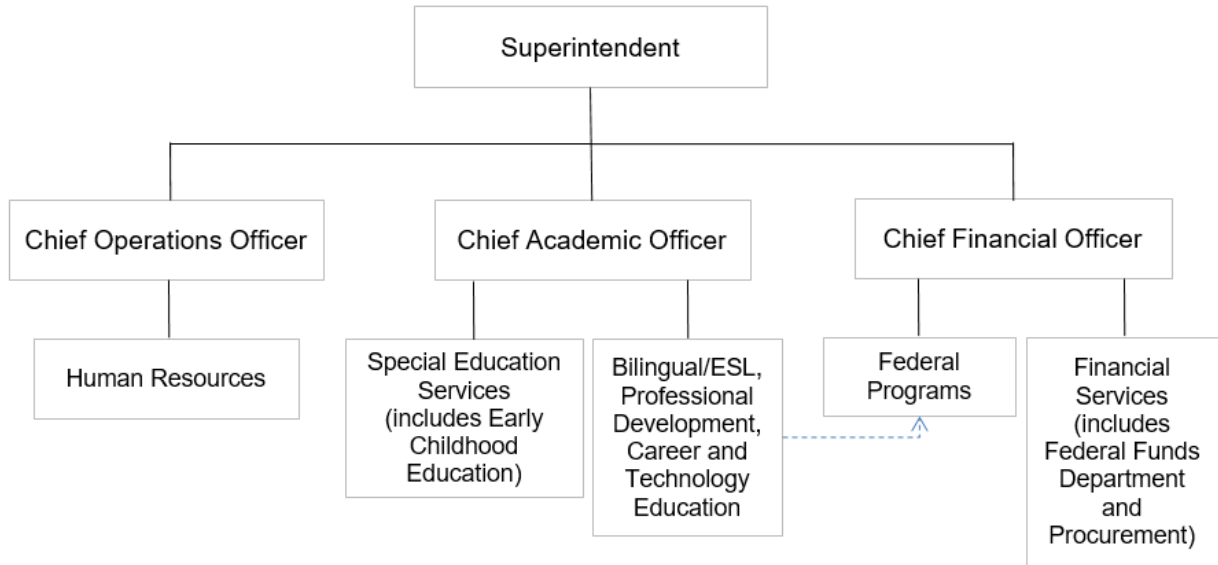
Midland Independent School District (“District”) has established procedures that apply to all grant funded transactions. This manual includes specific procedures related to acquiring, expending, and managing grant funds.

In accordance with Board Policy [CB \(LOCAL\)](#), the Superintendent shall be responsible for developing and enforcing procedures for the operation of the District. These procedures shall constitute the administrative regulations of the District and shall consist of guidelines, handbooks, manuals, forms, and any other documents defining standard operating procedures.

**1.2 Organization and Structure**

The District is responsible for the efficient and effective administration of federal awards through the application of sound management practices. Federal funds will be administered in a manner consistent with the underlying agreements, program objectives, and the terms and conditions of the federal award. [200.400\(a-b\)](#)

Management of federal funds shall be a collaborative process between the Federal Funds (Finance) Department, Federals Program department, respective subject areas, and the Human Resources department:



**1.3 Function**

Each respective department has duties and responsibilities to assure proper and efficient management of federal awards. The function and duties of each department, include, but are not limited to below: [200.400\(c\)](#)

**Federal Programs and Special Education Services**

- Obtains the annual grant entitlement amounts and begins the grant development process with the appropriate stakeholders.
- Obtains the competitive grant information and determines whether the grant is appropriate for the District.
- Works cooperatively with campus administrative staff to ensure all grant activities are collaboratively planned and appropriate for each campus.

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- Assists the HR department with determining the position title and other salary information for use in completing the grant application.
- Provides the Federal Funds department with the supporting documentation for budgeted grants funds, including grant amendments to facilitate budget amendments.
- Reviews and approves all purchasing and contractual commitments in compliance with the grant periods and allowable cost principles.
- Prepares all grant-related programmatic (evaluation) reports (monthly, quarterly and/or annual).
- Receives and monitors the time and effort reports, as appropriate, and submits adjustments, if any, to the finance department.
- Monitors the spending thresholds throughout the grant period to ensure that the grant activities are being conducted systematically.
- Assists the Human Resources department with determining the payroll distribution code(s) for all grant-funded staff.
- Provides information to the Human Resources department regarding the number and type of grant-funded positions approved in the grant application by the granting authority.
- Verifies the HR department has a job description on file for all grant-funded staff with grant-related duties and funding. (And, that all grant-funded staff sign a job description on an annual basis)
- Verifies with the HR department all grant-funded staff meet the Highly Qualified Staff federal guidelines and all state certification requirements, as appropriate.
- Verifies the HR department completes the Highly Qualified Staff Annual Report and conducts the required public notice or hearing, as appropriate.
- Retains all grant records for the required length of time (seven years) for audit purposes.

Federal Funds Department

- Assists the federal program director with budgeting grant funds. Prepares and posts the initial budget and all amendments to the general ledger.
- Administers funds consistent with agreements, program objectives, and terms and conditions of the grant award.
- Applies cost accounting principles on a consistent basis and retains adequate documentation to support costs charged to funds.
- Ensures compliance with the FASRG in coding all expenditures.
- Prepares all grant-related financial reports (monthly, quarterly and/or annual).
- Prepares all financial records for the annual financial audit and single audit, as appropriate.
- Manages the day-to-day cash needs for grant expenditures and drawing-down cash reimbursements, as appropriate.
- Retains all financial records for the required length of time (seven years) for audit purposes.

Procurement Department

- Reviews and approves requisitions in accordance to EDGAR procurement standards.
- Reviews and approves all purchasing and contractual commitments in compliance with the grant periods and allowable cost principles.
- Manages the competitive procurement process.
- Monitors all fixed assets and ensures compliance with the inventory and disposition federal guidelines. (Procurement Technician)
- Retains all financial records for the required length of time (seven years) for audit purposes.

Human Resources Department

- Assists the federal program director with determining the position title and other salary information for use in completing the grant application.
- Assists the federal program director with the recruitment and hiring of all grant-funded staff.
- Ensures all grant-funded staff meet the Highly Qualified Staff federal guidelines and all state certification requirements, as appropriate.

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- Ensures all grant-funded staff has a job description with the grant-related duties and funding and ensures all grant-funded staff sign a job description on an annual basis.
- Prepares the Highly Qualified Staff Annual Report and conducts the required public notice or hearing, as appropriate.
- Maintains audit-ready HR employee files for financial audit or single audit purposes, as appropriate.
- Develops and maintains all salary schedules to ensure consistency between local and non-local pay rates (Includes base salaries, stipends and extra-duty rates of pay).
- Retains all personnel records for the required length of time (seven years) for audit purposes.

1.4 Regulations for Federal Grant Awards

All federal grant funds are subject to compliance with 2 CFR Part 200 (EDGAR). EDGAR in its entirety can be accessed at: [Code of Federal Regulations - 2 CFR Part 200](#). To ensure consistency with EDGAR, the District shall utilize the acronyms and definitions included in EDGAR for general terms related to management of federal grant funds. **200 Subpart A**

The District is responsible for complying with all requirements of the federal grant. **200.300(b)** Failure to comply with federal and grant program requirements may result in denial of reimbursement requests and/or requests from the granting agency to return a portion, or in some cases, all, grant funds.

1.5 Texas Education Agency (TEA)

The Texas Education Agency (TEA) is the state agency that oversees primary and secondary public education. The mission of TEA is to provide leadership, guidance, and resources to help schools meet the educational needs of all students.

The Office for Grants and Federal Fiscal Compliance at TEA is responsible for managing all discretionary and formula grants to local educational agencies (LEAs). The department houses three divisions:

1. Division of Grants Administration - This division is responsible for administering all grant funds awarded to LEAs in support of programs and initiatives to improve student performance and the high school graduation rate.
2. Division of Federal Fiscal Compliance and Reporting - This division ensures the agency complies with the fiscal requirements of federal grants, such as maintenance of effort, comparability, and various reporting requirements.
3. Division of Federal Fiscal Monitoring – This division monitors the LEAs for compliance with various fiscal requirements. It also conducts reviews of LEAs to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements.

The District will use TEA provided resources (located at: [TEA Grant Management Resources](#)) on how to expend and account for grant funds in accordance with grant requirements. In addition, the District utilizes TEA's secure software applications (ER – the electronic expenditure reporting system used to request reimbursement for allowable grant-related expenditures; eGrants – electronic grant management system, etc.) to access information and reports as related to the awarded grants.

TEA has published a list of Frequently Answered Questions (FAQs) regarding the new EDGAR. Refer to the FAQ as further information becomes available: [New EDGAR Regulations FAQs](#)

1.6 Conflict of Interest

In accordance with Board Policy [CAA \(LOCAL\)](#), all trustees, employees, vendors, contractors, consultants, volunteers, and any other parties who are involved in the District's financial transactions shall act with integrity and diligence in duties involving the District's fiscal resources.

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In addition, in accordance with Board Policy [CBB \(LEGAL\)](#), no District employee or Board member shall participate in the selection, award, or administration of a contract supported by federal funds if a conflict of interest, real or apparent, would be involved. [200.112](#)

The District shall disclose in writing any potential conflict of interest to the awarding agency. [200.112](#)

In addition, the District shall disclose, in a timely manner, in writing, to the awarding agency, all violations of criminal law involving fraud, bribery, or gratuity violations potentially affecting the federal award. Failure to make required disclosures may result in suspension or debarment, as described in 200.338. [200.113](#)

#### 1.7 Internal Controls

The District has established internal controls over the federal award that provides reasonable assurance the District is in compliance with federal statutes, regulations, and the terms and conditions of the federal award. [200.303](#)

The District will:

1. Comply with federal statutes, regulations, and the terms and conditions of the federal awards
2. Evaluate and monitor its compliance practices regarding federal awards
3. Take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings
4. Take reasonable measures to safeguard protected personally identifiable and sensitive information. [200.303](#)

The District provides effective control over, and accountability for, all funds, property, and other assets. Assets are safeguarded and the District's internal controls provided reasonable assurance they are used solely for authorized purposes. [200.302\(b\)\(4\)](#)

District internal controls were developed with guidance from GAO's "Standards for Internal Control in the Federal Government" (Green Book). The internal controls are documented and communicated through business process Procedure Memos or Manuals, which are referenced in the applicable sections within this manual. [200.303](#)

#### 1.8 Miscellaneous

##### 1. Bonds

The District shall not use bonds as related to federal grant funds. [200.304](#)

##### 2. Cost Sharing or Matching

The District does not participate in any cost sharing and/or matching funds with federal grant funds. If cost sharing and/or matching fund participation is entered upon, a cost allocation plan is submitted and must be approved by the granting agency. [200.306](#)

##### 3. Program Income

The District shall not generate any program income as part of a federal grant award. [200.307](#), [200.400\(g\)](#)

## SECTION 2: GRANT APPLICATION PROCESS

### 2.1 Grant Types

#### 1. Formula/Entitlement Grants

Grantees are LEAs, with grant awards determined by a mathematical formula defined in statute (either federal or state) that takes into account the LEA's intended population to be served. Grantees do not "compete" for formula funds, although they are required to complete grant applications and comply with grant requirements in order to ensure the grant funds are expended in accordance with the defined purpose and goals of the grant program.

An entitlement is the amount of a formula grant the grantee has access to. The maximum and/or final entitlement awards for the District are posted on TEA's Grants Management site: [TEA - Applying for a Grant - Entitlements](#).

#### 2. Discretionary Grant

Discretionary grant programs are often funded by federal or state legislation to address current social issues.

- Discretionary competitive grants -TEA defines eligibility criteria and eligible applicants are required to submit applications that are reviewed and scored to determine which applicants receive grant funding.
- Discretionary noncompetitive grants – TEA determines the eligibility list and makes funds available to all eligible applicants that complete and submit a substantially approvable application.

A list of applicants preliminarily selected for competitive grant programs administered by TEA are posted on TEA's Grant Management site: [TEA - Competitive Grants List](#)

### 2.2 Grant Application Process

The District may be eligible to apply for TEA's entitlement or discretionary grant programs. TEA posts all available grants it administers on the [TEA Grants Opportunities](#) page. Applicants can find detailed information about individual grants from this page. This page has a wealth of information related to available grants and all District staff involved in the management of federal grant awards shall be aware of these resources.

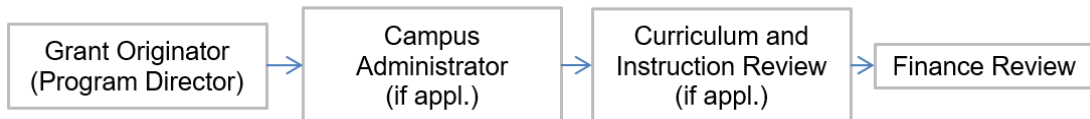
The appropriate Program Director shall obtain the annual entitlement amounts and the discretionary grant information, if applicable, and determine whether the grant is appropriate for the District.

#### 1. Request for Application (RFA)

The RFA is the official document describing a grant program and includes the general TEA guidelines and program specific guidelines, any legal provisions and assurances that apply to the program, as well as the grant application and instructions for completing it.

The Program Director begins the grant development process and works collaboratively with the appropriate stakeholders. All grant applications that will support student instruction at one or more campuses is developed with the respective campus principal. The Superintendent shall be the final approval for all grant applications.

District Grant Approval Process:





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2. Negotiations

Once an application is submitted, TEA grant negotiators review the application to ensure it complies with all applicable requirements of the grant. If changes must be made to the application to make it compliant, the negotiator contacts the District and assists the Program Director in making those changes.

3. Notice of Grant Award (NOGA)

When the change process is complete and application meets all requirements, the submitted application has been “negotiated to approval.” TEA issues a Notice of Grant Award (NOGA) which includes grant and grantee information (LEA name, school year, fund code, amount of grant funds awarded, etc.) and indicates the period of availability for grant funds (begin and end dates of the grant).

No federal grant shall be budgeted, encumbered, or spent until the grant has been approved by the granting agency and a NOGA has been issued to the district. All encumbrances, expenditures, and obligations must occur within the grant period of availability.

4. Amendments

The District is required to report deviations from the original scope or objective and request prior approval from TEA for budget and program plan revisions. Amendments may be necessary when the District changes the designated Program Director, disengages from grant activities for more than three (3) months, or a 25% reduction in the time devoted by the Program Director. All amendments must meet grant requirements and are also negotiated in order to be approved. Certain changes to the grant program must be approved in writing by TEA through the grant amendment process (fully described in the General and Fiscal Guidelines section of the RFA). Deadlines for amending the grant application are included with every RFA and eGrant. **200.308**

TEA has published two resources to aid in determining whether a planned change to the grant program requires an amendment: [When to Amend the Application](#) (PDF) and further clarification is available in the accompanying [When to Amend the Application](#) powerpoint presentation.

If an amendment is necessary, the Program Director shall initiate the amendment process and collaborate with the appropriate stakeholders. The approval process of a grant amendment shall be the same as the grant application process.

2.3 Budgeting Grant Funds

Budgeting grant funds includes dividing them into the category of planned expenditure. TEA has defined five categories for expenditure of grant funds. Grant applicants must budget funds using those categories and the District must report expenditures in terms of those categories.

1. Categories of Expenditures

Each category is assigned a class/object code which easily identifies funds budgeted or expended in that category. Applicants must complete a set of budget schedules for each category. Each schedule requires certain items to be broken out, along with the projected amount to be spent on those items, for TEA approval (e.g., out-of-state travel, student travel, etc.)

Changes to approved items must be made in accordance with amendment requirements.

2. Costs that do not require specific approval

Not all costs need to be broken out on line items on the budget schedules. Instead, they are listed together on the “remaining costs” line of the budget schedule. Refer to TEA’s guidance for these costs: [Costs That Do Not Require Specific Approval](#)

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3. Justification Forms

Justification of expenditures are required to be documented and maintained locally for the following types of activities:

- a. Educational Field Trips
- b. Out-of-State Travel
- c. Hosting or Sponsoring a Conference. MISD will not use federal grant funds to host or sponsor a conference.

Educational field trips and out-of-state travel identified as allowable by the program guidelines must be documented on the provided TEA forms and identify how the costs are reasonable, necessary, allocable to the federal grant program, and has a programmatic purpose.

4. 25% Budget Variation

Funds may be transferred among existing budgeted categories as long as the total amount of funds transferred is 25% or less of the total current approved budget. This provision does not allow for the purchase of additional units of equipment, but it does allow for the purchase of previously approved items that cost more than budgeted amounts.

A budget amendment is required when cumulative transfers among direct cost categories exceed or are expected to exceed 25% of the *total current approved budget*.

2.4 Guidelines, Provisions, and Certifications

As part of the RFA, the District must certify its acceptance and compliance with the following:

1. General and Fiscal Guidelines

This applies to all grants administered by TEA. The guidelines describe the application process, the submission procedures, and provide general directions regarding the process to be used for distribution and management of grant funds.

2. Program Guidelines

The Program Guidelines provide information about the specific program, including the purpose of the grant, eligibility criteria, program description, statutory and TEA program requirements, any specific application review criteria, and critical dates.

3. General Provisions and Assurances

This set of provisions and assurances applies to all applicants for all grants that TEA administers. It includes a summary of the terms of the contract between TEA and the grantee and a list that includes, but is not limited to, the federal rules, laws, and regulations that apply to all state and federal programs.

4. Program Specific Provisions and Assurances

This set of provisions applies to the specific program. These are required to be implemented and the implementation documented. These activities may be monitored or audited.

5. Debarment and Suspension Certification

The District is subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. These regulations restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs or activities. [200.212](#)

For all federal grant applications, TEA requires submission of a Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion. The District must certify that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or

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voluntarily excluded from participation in any federal transaction. If the District is unable to certify to the statement, an explanation shall be attached to the grant application.

6. Lobbying Certification

The cost of certain influencing activities (“lobbying”) associated with obtaining grants is an unallowable cost. **200.450**

For all federal grant applications greater than \$100,000, TEA requires submission of a Lobbying Certification. The District must certify that no federal grant funds have been paid or will be paid for the purpose of lobbying. If the District used funds other than federal grant funds for lobbying activities, the Program Director and CFO shall jointly execute a Standard Form – LLL, “Disclosure of Lobbying Activities.” **200.415(d)**

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## SECTION 3: COST PRINCIPLES

### 3.1 Application

In accordance with District Policy [CBB \(LEGAL\)](#), the District is responsible for complying with all requirements of the federal award, including uniform administrative requirements, cost principles, and audit requirements. The District's accounting practices will be consistent with these cost principles, support the accumulation of costs as required by the principles, and provide adequate documentation to support the costs charged to the federal award. [200.400\(d\)](#)

These principles will be used in determining the allowable costs of work performed under an award. These principles will also be used as a guide in the pricing of fixed-price contracts and subcontracts where costs are used in determining appropriate price. [200.401](#)

### 3.2 Allowable Cost Principles

#### 1. Allowability of Costs

To be allowable under an award, costs must meet the following general criteria:

- a. Be necessary, reasonable, and allocable for the performance of the award.
- b. Conform to any limitations or exclusions set forth in the award as to types or amount of cost items.
- c. Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the organization.
- d. Be accorded consistent treatment.
- e. Be determined in accordance with generally accepted accounting principles (GAAP).
- f. Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
- g. Be adequately documented. [200.403](#)

The costs must meet the general provisions for selected items of cost as required by [2 CFR 200 Subpart E - General Provisions for Selected Items of Cost](#).

The federal Program Director determines the allowability of costs based on the terms and conditions of the Federal award as outlined in the Procedures for Determining Allowability for Expenditures. [200.302\(b\)\(7\)](#)

#### 2. Necessary Costs

Costs must be necessary to meet the goals and objectives of the grant. In addition, the costs are necessary for the operation of the District or the proper and efficient performance of the award.

#### 3. Reasonable Costs

A cost is reasonable if, in its nature and amount, it is not more than what a prudent person under the same circumstances would incur. Consideration must be given to:

- a. Whether the cost is ordinary and necessary for the operation of the District or the proper and efficient performance of the award.
- b. The restraints or requirements imposed by such factors: arm's length bargaining; federal, state, local, and other laws and regulations; terms and conditions of the award.
- c. Market prices for comparable goods or services in the geographic area.
- d. Whether the individuals acted with prudence under the circumstances considering their responsibilities.
- e. Significant deviations from established policies and procedures regarding incurrence of costs, which may unjustifiably increase the award's cost, are not allowed. [200.404](#)

#### 4. Allocable Costs

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A cost is allocable to an award or other cost objective if the goods or services involved are chargeable or assignable to that award or cost objective in accordance with relative benefits received. Allocability is met if the cost:

- a. Is incurred specifically for the award.
- b. Benefits both award and other work and can be distributed in proportions that may be approximated using reasonable methods
- c. Is necessary to the overall operation of the District and is assignable, in part to the award.

Cost may only be allocated (charged) to the award in proportion to the value received by the program. For example, if the District purchases computers used 50% of the time for the federal grant program and 50% of the time for a state program, only 50% can be charged to each of the applicable programs. However, if a cost benefits two or more projects in proportions that cannot be determined because of the complexity of the interrelationships, then the costs may be allocated on any reasonable documented basis. Costs may not be allocated to overcome fund deficiencies or other reasons. [200.405](#)

5. Applicable Credits

Applicable credits are transactions that offset or reduce expense items allocable to the federal award. Examples include purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments or erroneous charges. To the extent related to allowable costs, these must also be credited to the federal award as appropriate. [200.406](#)

6. Collection of Unallowable Costs

Payments made for unallowable costs (as determined by either the awarding agency or pass-through entity) must be refunded, including interest, to the Federal government in accordance with instructions from the agency that determined the costs are unallowable. [200.410](#)

3.3 Classification of Costs

Once a cost is treated as direct or indirect, it will be treated consistently that way for all projects and activities, regardless of the source of funding. [200.412](#)

1. Direct Costs

Generally, a direct cost is one that can be identified specifically incurred with a particular cost objective, such as a federal award, or other internally or externally funded activity, or that can be assigned to such activities relatively easy with a high degree of accuracy. [200.413\(a\)](#)

Identification with the federal award rather than the nature of goods and services involved is the determining factor in distinguishing from indirect costs of federal awards. Typical direct costs charged are:

- a. Compensation of employees for time devoted and identified specifically to the performance of an award and their related fringe benefits,
- b. Cost of materials incurred, acquired, consumed, or expended specifically for the purpose of those awards.
- c. Equipment and other capital expenditures.
- d. Travel expenses incurred specifically to carry out the award. [200.413\(b\)](#)

2. Indirect Costs

Indirect costs are general in nature and are incurred for a common or joint purpose benefiting several activities and are not readily assignable to the activity benefitted, without effort disproportionate to the results achieved. Indirect costs are normally charged through the indirect cost rate.

3. Indirect Cost Rate Approval

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The US Department of Education has given TEA authority to issue indirect cost rates for independent school districts. The District receives its indirect cost rate from TEA and uses the assigned rate to recover District-wide administrative costs of managing federal grants, such as costs related to accounting, budgeting, purchasing, auditing, and payroll processing. [200.414\(c\)](#)

The District submits an annual request to TEA for an indirect cost rate using the TEA's "Indirect Cost Rate Proposal (ICRP)." The ICRP is completed by the Chief Financial Officer and the Director of Finance. In addition, the ICRP includes a certification of the information submitted, Certificate of Indirect Costs as set forth in [Appendix VII](#), signed by the Superintendent. The ICRP must be submitted by the annual deadline to receive the indirect cost rate for the next fiscal year. [200.415\(b\)](#)

Alternatively, as of February 2015, TEA has the authority to approve a one-time extension of currently approved indirect cost rates, for a period of up to four years. Once an extension is granted, the District may not be able to submit an ICRP and request a new rate until that extension period ends. At that point, the District must reapply and negotiate a new federal indirect cost rate. [200.414\(e\), \(g\)](#)

The District has been approved to use the indirect cost rate effective for the period July 1, 2014 – June 30, 2015 for the upcoming four years, period ending June 30, 2019. After the extension period, the District shall apply for an indirect cost rate and complete the ICRP as stated above. Refer to TEA's indirect cost web site at: [Indirect Cost Rates](#)

### 3.4 Selected Items of Cost

The total cost of a federal award is the sum of all allowable direct and indirect costs, less any applicable credits. [200.402](#) All District costs with federal grant funds, whether direct or indirect, shall meet the minimum requirements of allowability. In addition, costs must meet the general provisions for selected items of cost identified in [2 CFR 200.420 – 2 CFR 200.475](#). Specific items not listed in these federal regulations shall be evaluated by the Program Director and the Federal Funds Department on a case-by-case basis for allowability. The general cost allowability rules for specific items of cost shall apply to all federal grant funds, unless more restrictive allowability rules are required by a particular federal grant. The District shall adhere to the more restrictive allowability rules when a conflict arises between the general allowability rules and the program specific allowability rules. [200.420:200.475](#)

### 3.5 Supplement, Not Supplant

The term "supplement, not supplant" is a provision common to many federal statutes authorizing education grant programs. Although the definition may change from statute to statute, supplement, not supplant provisions basically require that grantees use state or local funds for all services required by state law, State Board of Education (SBOE) rule, or local policy and prohibit those funds from being diverted for other purposes when federal funds are available.

Federal funds must supplement – add to, enhance, expand, increase, extend – the program services offered with state and local funds. Federal funds are not permitted to be used to supplant - take the place of, replace – the state and local funds used to offer those programs and services.

The District process to ensure all grant funded activities are supplemental, not supplant, shall be a collaborative process between the Program Director, Procurement Department, and the Federal Funds Department. The Program Director shall review and approve all purchase orders (and non-purchase order payments) and determine if the planned purchases and/or expenditures are for supplemental activities not required by state, law, or local policy. The Federal Funds Department will serve as a secondary review prior to processing the payment.

Note: A schoolwide program school does not need to demonstrate that Title I funds are used only for activities that supplement, and do not supplant, those the school would otherwise provide with non-Federal funds. Accordingly, the presumptions used to determine if supplanting has occurred do not apply to uses of Title I funds in a schoolwide program school. However, in order for federal funds to

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make a difference in supporting school reform in a schoolwide program, they must supplement those funds the school would otherwise receive. To ensure that this occurs, a schoolwide program school relies on the equitable distribution of non-Federal funds. Refer to USDE non-regulatory guidance issued in 2015.

Refer to TEA's handbook for additional guidance: [Supplement, Not Supplant Handbook \(June 2013\)](#)

3.6 Prior Written Approval from TEA

The District *may* seek prior written approval from TEA in advance of any special or unusual costs that may be difficult to determine reasonableness and allocability. Prior written approval should include the timeframe or scope of the grant. The absence of prior written approval on any element of cost will not, in itself, affect the reasonableness or allocability of that special/unusual element, unless prior approval is specifically required. **200.407**

TEA is providing approval for the following types of activities that require prior approval:

1. Participant Support Costs
2. Equitable services to private nonprofit schools, which include registration and travel costs for participating in allowable professional development activities. Currently, MISD provides equitable services to Midland Christian School and St. Ann's School.
3. Parental Involvement Activities

To obtain prior written approval, the District must submit a written request to the Chief Grants Administrator (CGA) at the Division of Grants Administration ([grants@tea.texas.gov](mailto:grants@tea.texas.gov)). The CGA will request additional information, as applicable, and will respond to the District in writing.

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## SECTION 4: PROPERTY MANAGEMENT

### 4.1 Property Standards

The District shall safeguard all property purchased with federal grant funds as outlined in the “Fixed Asset Administrative Regulations”. **200.313(d)(3)** Title to federally funded equipment and supply purchases shall be retained by the District, unless otherwise notified by the granting agency.

The District shall provide the equivalent insurance coverage for real property and equipment acquired or improved with federal funds as provided to property owned by the District. Additional insurance for property purchased with federal funds shall be acquired if specifically required by a federal grant award. The costs to insure and maintain assets purchased with federal grant funds are generally allowable costs, unless specifically prohibited by a granting agency. **200.310**

### 4.2 Capitalization Threshold

In accordance with Board Policy [CFB \(LOCAL\)](#), the capitalization threshold for purposes of classifying capital assets shall be \$5,000. Capital assets mean tangible or intangible assets used in operations having a useful life of more than one year. **200.12, 200.33**

### 4.3 Definitions

#### 1. Real Property

Real property means land, including land improvements, structures and appurtenances thereto, but excludes moveable machinery and equipment. The District has not and will not use federal grant funds to purchase real property. **200.85, 200.311, 200.329**

#### 2. Equipment/Capital Assets

Equipment (“capital assets”) means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the District capitalization threshold of \$5,000. **200.33**

#### 3. Supplies

Supplies mean all tangible personal property other than equipment, and if the acquisition cost is less than \$5,000, regardless of the length of its useful life. **200.94** The District has identified these items as:

- a. **Inventoried Items** – items that are tangible, moveable, personal, and reasonably identified and controlled through physical inventory with a unit cost equal or greater than \$1,000 per unit and less than \$5,000 per unit. Inventoried items shall include computing devices with these costs. These items are marked with a District inventory tag and tracked by the Procurement department.
- b. **Controllable Items** – items that are tangible, moveable, personal, and reasonably identified with a unit cost less than \$1,000 per unit, and deemed “at risk” for loss by the District. Controllable assets will change as educational needs and technologies evolve. These items shall be tracked by at the campus/department level.

#### 4. Intangible Property

Intangible property means property having no physical existence, such as trademarks, copyrights, patents and patent applications and property, such as loans, notes and other debt instruments, lease agreements, stock, and other instruments of property ownership (whether the property is tangible or intangible). The District shall not use federal grant funds to purchase intangible property. **200.59, 200.315**

#### 5. Acquisition Cost

Acquisition cost means the cost of the asset, including the cost to ready the asset for its intended use. It is the net invoice price, including the cost of any modifications, attachments, accessories, etc. necessary to make it usable for the purpose for which it is acquired. Ancillary charges, such



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as taxes, freight, installation, are also included in the acquisition cost. Acquisition cost will be recorded per final invoice(s) of the asset, and all related costs.

#### 4.4 Use of Fixed Assets

Assets shall not be encumbered without prior approval from TEA (i.e., issuance of a NOGA) and shall be used by the District for the authorized purposes of the project during the period of performance, or until the property is no longer needed for the purposes of the project.

The District must also make the fixed assets available for use on other projects currently or previously supported by the Federal Government, provided that such use will not interfere with the work on the projects for which it was originally acquired.

The fixed asset may be used in other activities, or when no longer needed for the original program, in the following order of priority:

1. Activities under a federal award from the federal awarding agency which funded the original program, then
2. Activities under federal awards from other federal awarding agencies. [200.313\(c\)](#)

#### 4.5 Asset Identification

Capital and inventoried asset purchases are delivered to the District warehouse. Appropriate bar code tags shall be used to identify District property and placed on the assets by warehouse personnel as the assets are received. All tagged assets will then be entered into the asset tracking software, TIPWebIT, by warehouse personnel. The following information will be maintained in TIPWebIT:

- a. District-issued tag (or identification number)
- b. Description of the property
- c. Serial number or other identification number
- d. The source of funding for the property (i.e, fund code),
- e. Federal use of asset (percentage)
- f. Acquisition date and cost,
- g. Use and condition of the asset (new, used, etc.)
- h. Owner of asset title, (typically, the District)
- i. The current location, and
- j. Any disposition data, including the date of disposal and sale price of the property, if allowed.

##### 1. Asset Tracking

The assets will then be delivered to the appropriate location and a Site Asset Administrator assumes responsibility for the movement of the asset within the site. The Site Asset Administrator will designate, in TIPWebIT, the location and staff responsible for the assets. Asset movements will be reported to the Site Asset Administrator who transfers the assets in TIPWebIT to the proper location and staff responsible. If assets are transferred to another location, the new location's Site Asset Administrator and the Fixed Asset Specialist must also approve the transfer.

##### 2. Asset Inventory

The Procurement Department performs a complete annual physical inventory of assets: all federal funded capital assets and a selection of locally purchased capital assets and inventoried items. The results will be reconciled with the capital asset inventory records per TIPWebIT and any discrepancies will be investigated by the site asset administrator to determine the cause and party responsible. The final fixed asset inventory report will be sent to the Procurement Supervisor for review and final approval. [300.313\(d\)\(2\)](#)

Finally, audit inventories will be conducted randomly by the Fixed Asset Specialist or the Internal Audit Department, as needed, to ensure proper adherence to the "Fixed Asset Administrative Regulations."

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3. Asset Maintenance

All federally funded assets shall be maintained in an operable state. If repairs are necessary, the District may pay for the repairs of the federally funded assets with federal grant funds, unless expressly restricted by the granting agency.

Only capital assets submitted and approved with the grant application may be purchased with federal funds. Historically, only IDEA-B funds have been used to purchase capital assets, specifically, school bus adapted for students with disabilities.

School busses will be maintained as outlined in the Transportation “Maintenance Procedures” to keep the asset in good working condition. Daily inspections are performed by the driver to ensure the working condition of the asset and to identify any needed repairs. In addition, the District preventive maintenance schedule is followed at certain milestones to ensure all required services are performed. [300.313\(d\)\(4\)](#)

4.6 Federally-Owned Property

Title to federally-owned property remains vested in the Federal government. In addition, the District shall submit an annual inventory listing of federally-owned property in its custody to the federal awarding agency (e.g., TEA). Upon completion of the award, or when the property is no longer needed, the District must report the property to the awarding agency (e.g., TEA) for further use. The District is not in custody nor will have custody of any federally-owned property. [200.312](#)

4.7 Disposition

When a fixed asset acquired under a federal award is no longer needed for either the original program or project, other USDE funded project, or other federally funded projects, the District must request disposition instructions from the federal awarding agency, if required by the terms and conditions of the federal award. Disposition will be as follows:

1. Items with a current per unit verifiable fair market value of \$5,000 or less may be retained, sold, or otherwise disposed of with no further obligation to the federal awarding agency.
2. Items with a current per unit (or, in aggregate for supplies) verifiable fair market value in excess of \$5,000 may be retained or sold, but the federal awarding agency shall have the right to the proceeds. The District shall reimburse the federal awarding agency for the proceeds.
3. The federal awarding agency reserves the right to transfer title to another grantee for noncompliance, or as needed after the project ends, regardless of how equipment is classified. [200.313\(e\)](#)
4. Residual inventory of unused supplies exceeding \$5,000 in total aggregate value may be retained for use on other activities, or sold. The District must, in either case, compensate the Federal Government for its share as computed in 200.313(e)(2). [200.314](#)

To obtain instructions, the District must submit a written request to the Chief Grants Administrator (CGA) at the Division of Grants Administration ([grants@tea.texas.gov](mailto:grants@tea.texas.gov)). The CGA will request additional information, as applicable, and will respond to the District in writing.

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## SECTION 5: PROCUREMENT

### 5.1 General Procurement Standards

V02 Note: MISD is taking the two-year grace period and will implement the new EDGAR rules, at the latest, in the 2017-2018 school year.

V03 Note: MISD is taking the additional one-year grace period, as updated in OMB Federal Register issued on May 17, 2017, for implementation of the EDGAR procurement standards. MISD will be fully implemented with the new EDGAR rules as of grants issued after December 26, 2017.0

All purchases shall be made in accordance with the District Procurement Procedures and Board Policies [CH \(LEGAL\)](#), and [CH \(LOCAL\)](#). **200.318(a)** All requests for purchases and payments shall be submitted centrally through the Procurement Department for authorization and processing of transactions.

All purchases shall be from a variety of qualified vendors with the ability to perform successfully under the terms and conditions of a proposed procurement. The District shall strive to avoid acquisition of unnecessary or duplicative items. The District shall implement the following strategies to maximize federal grant funds:

- Consolidation of purchases or utilizing cooperative purchasing agreements to obtain volume pricing, as appropriate
- Annual vendor approval process for vendors of supplies and materials
- Evaluate the cost efficiencies of leases versus purchases of equipment, where appropriate
- Monitor vendor performance to ensure the vendor provides the services and/or goods, as appropriate
- Utilize federal or state excess/surplus property supplies or equipment in lieu of purchasing new supplies or equipment, as appropriate **200.318(f)**
- Ensure all vendor and contract disputes, if they occur, are resolved in the most advantageous manner
- Minimize the risk of jurisdictional issues by ensuring all contracts are litigated in a court in Midland, TX **200.318(d)**

### 5.2 Vendor Selection

Only approved vendors may provide supplies and materials to the District, unless the items needed are purchased through a competitive procurement method or the vendor has been awarded in a participating cooperative agreement. Currently, the District participates in the following cooperative purchasing programs: TASB BuyBoard, ESC 19, The Interlocal Purchasing System (TIPS), ChoicePartners, and TexBuy.

#### 1. Vendors List

Applications to be on the approved Vendors List are due to the Procurement Department prior to the request of procuring supplies and materials. **200.319(d)** The application includes submission of the following items (but not limited to):

- Submission of a copy of the company's price list or sample catalog pages
- Completed [Conflict of Interest Questionnaire](#)
- Completed Felony Conviction Notice and completed Background Check Form
- Completed [W-9 form](#)

In addition, all vendors will be checked through SAM.gov to determine eligibility for participation in federal programs. The District shall not use vendors or contractors that are debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs or activities. **200.318(h)**

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The Procurement Department shall be responsible for approving vendors that are qualified to provide goods and/or services to the District. The vendor approval process shall ensure that the District does not restrict competition among qualified vendors.

2. Best Value Criteria

In evaluating procurement decisions, the District shall always apply best business practices. In doing so, the District shall consider the Best Value criteria: [200.318\(h\)](#)

- a. The purchase price
- b. The reputation of the vendor and of the vendor's goods and services (contractor integrity)
- c. The quality of the vendor's goods and services
- d. The extent to which the goods or services meet the District's needs
- e. The vendor's past relationship with the District
- f. The total long-term cost to the District to acquire the vendor's goods and services,
- g. Any other relevant factors specifically listed in the request for bids or proposals.

The District shall not restrict vendor competition by requiring any of the following selection criteria:

- Unreasonable requirements, such as excessive experience or bonding, or geographic preferences that would unduly restrict competition among qualified vendors [200.319\(b\)](#)
- Specifying only brand name products instead of allowing "an equal" product to be offered and describing the performance or other relevant requirements of the procurement
- Arbitrary restrictions that are not essential to the bid/proposal specification [200.319\(a\)](#)

3. Sole Source Vendors

Selected purchases may be exempt from competitive procurement if the item is only available from a single source – "sole source." A vendor must submit an affidavit confirming its status. To be classified as a sole source vendor, the following must be submitted:

- [Confirmation of Sole Source Compliance by Vendor](#)
- Completed Conflict of Interest Questionnaire
- Completed W-9 Form

Submission of a sole source affidavit does not guarantee sole source status. Additional research will be conducted by the Procurement department to determine applicability of "sole source." If corroborated, only then will the vendor be identified as a "sole source" vendor.

4. Conflicts of Interest

In accordance with Board Policy [CBB \(LEGAL\)](#), no District employee or Board member shall participate in the selection, award, or administration of a contract supported by federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when any of the following has a financial or other interest in the firm selected for award:

- An employee or Board member
- Any member of the immediate family of an employee or Board member
- The partner of an employee or Board member
- An organization that employs or is about to employ any of the above.

The District's employees and Board members shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to subagreements.

In accordance with Board Policy [DH \(LOCAL\)](#), violation of any policies, regulations, or guidelines (standards of conduct) may result in disciplinary action, including termination of employment. [200.318\(c\)\(1\)](#)

The District does not have a parent, affiliate, or subsidiary organization; organizational conflicts of interest would not be applicable. [200.318\(c\)\(2\)](#)

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5.3 Procurement Methods

The District shall use a procurement method based on the aggregated 12-month period dollar value of the goods and services as summarized on the “MISD Purchasing Levels and Requirements” table.

A competitive procurement method must be used for purchases over \$50,000. In addition, any single, budgeted purchase of goods or services that costs \$100,000 or more, regardless of whether the goods or services are competitively purchased, shall require Board approval before a transaction may take place.

1. Purchases Less than \$3,500 (“micro-purchases”)

All requests for purchases shall be submitted to the Procurement Department as a purchase requisition, with at least one informal quote and the vendor must be an approved vendor. The Procurement Department shall distribute micro-purchases equitably among qualified vendors. Requisitions will be processed as outlined in the District’s Procurement Procedures.

2. Purchases Between \$3,500 and \$50,000 (“Small Purchases”)

The District shall use small purchase procedures for relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than \$50,000. Written quotations shall be requested for all small purchases between \$3,500.00 and \$50,000, in the aggregate, for a 12-month period. The District must obtain written or telephone price quotations from at least three vendors and the Procurement Department shall exercise prudent judgment, based on previous experiences and in the best interest of the District, when making awards based on quotations. [200.320\(a\)](#); [200.320\(b\)](#)

a. Exceptions

State law requires that the purchase, lease, or lease-purchase of a school bus must be competitively bid when the contract is valued at \$20,000 or more. (Texas Education Code 44.031(l)). MISD will utilize an interlocal or cooperative agreement in the purchasing of school busses.

3. Purchases Valued at or above \$50,000 (“Competitive Procurement”)

In accordance with [CH \(LEGAL\)](#), all District contracts for the purchase of goods and services, except contracts for the purchase of produce or vehicle fuel, value at \$50,000 or more in the aggregate for each 12-month period, shall be made by the method that provides the best value for the District. Competitive bids and proposals are publicly solicited and advertised on the District’s [Bid Advertisements](#) website, the local newspaper, and ionWave (e-bid system) once a week, for at least two weeks before the bid/proposal deadline. Refer to the District’s Procurement Procedures for all factors used in evaluating competitive bids and proposals. [200.319\(c\)](#)

a. Competitive Bids

Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is the lowest in price.

The requesting department shall provide complete, adequate, and realistic specifications of the products or services needed to the Procurement Department. The Procurement Department compiles all information and creates the bid specifications which are posted in ionWave once the bid “opens” to ensure consistency in the procurement process. At no time shall the District allow a specific vendor to develop the bid/proposal specifications as this may provide a barrier to open competition among the qualified vendors. If needed, an outside consultant may be used to create any technical specifications. However, involvement in creating specifications would automatically exclude the consultant from submitting a bid.

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The Procurement Department shall then publish available bids, to include: the Bid specifications, evaluation criteria, bid deadlines, and all required disclosure agreements. All bids shall be submitted through ionWave. The District must obtain at least three bids, and any bid may be withdrawn prior to the scheduled time for opening. ionWave will not accept a bid received after the specified time. Upon conclusion of the bidding process, the Procurement Department will open, tabulate, and provide the school or department with written documentation of the results and issuance of a Purchase Order (PO). The District may reject any and all bids. Results of bid tabulations shall be published on the District's website: [Bid Tabulations](#). **200.320(c)**

b. Competitive Proposals/Request for Proposal (RFP)

Proposals are also publicly solicited and identify all evaluation factors and their relative importance. The District shall obtain at least three proposals from qualified sources. Contracts shall be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

A Request for Proposal (RFP) is a part of the competitive proposal process. The RFP generates the receipt of competitive proposals and contain the scope of work (scope, intent, requirements and documentation). RFPs may be used to generate a non-sealed competitive proposal, but only for services other than construction services. The District may open the proposal upon receipt and begin the negotiation process for the offered goods/services. **200.320(d)**

The District uses the ionWave system for all RFP submissions. The Procurement Department, along with a selected committee applicable to the proposal, will evaluate and proposals and select recipients according to the District's Procurement Procedures. **200.320(d)(3)**

Proposals shall be evaluated, ranked, and a recommendation for award made to the School Board at a regularly scheduled board meeting.

c. Interlocal Contracts and Cooperative Purchasing

An interlocal contract is a contract or agreement with another local government or with the state or a state agency to purchase goods and any services reasonably required for the installation, operation, or maintenance of goods. The District is encouraged to enter into state and local intergovernmental agreements where appropriate for procurement or use of common or shared goods and services. **200.318(e)**

All items and services available through a Board approved cooperative purchasing have satisfied all procurement regulations for competitive procurement. These items or services do not require further bidding before procurement.

The District is a member of various cooperatives and links to those cooperatives are available on the District website. Currently, the District participates in the following cooperative purchasing programs: TASB BuyBoard, ESC 19, The Interlocal Purchasing System (TIPS), ChoicePartners, and TexBuy.

The District encourages the use of cooperatives but only those member cooperatives will be allowed for use. All requisitions submitted will reference the cooperative and corresponding award. The Procurement Department will verify and deny or approve all submitted requisitions.

d. Reverse Auction Procedure

As defined by Government Code 2155.062(d), reverse auction procedure means:

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- i. A real-time bidding process usually lasting less than one hour and taking place at a previously scheduled time and Internet location, in which multiple suppliers, anonymous to each other, submit bids to provide the designated goods or services, or
  - ii. A bidding process usually lasting less than two weeks and taking place during a previously scheduled period and at a previously scheduled Internet location, in which multiple suppliers, anonymous to each other, submit bids to provide the designated goods or services.
- e. The formation of a political subdivision corporation under [Local Government Code 304.001](#). Currently, MISD does not use a political subdivision corporation.

4. Purchases Greater than \$150,000

District contracts for the purchase of goods and services, except contracts for the purchase of produce or vehicle fuel, value at \$150,000 or more in the aggregate for each 12-month period, shall be made through one of “competitive procurement” processes detailed in the previous section.

In addition, the District shall perform a cost or price analysis with every procurement action in excess of the [Simplified Acquisition Threshold](#). Currently, the threshold is \$150,000. The District shall make independent estimates **before** receiving bids or proposals. The analysis is dependent on the facts surrounding the particular procurement situation and documented on the bid item “Anticipated Spend.” [200.323](#)

The District utilizes a Scorecard when evaluating bids for contracts greater than \$150,000. The Procurement Department and all members of the selecting committee completes the Scorecard which includes the independent estimates.

5. Emergency Purchases

Emergency purchases and purchases of single sources or specialty items where substitution or replacement is impractical because of technical problems will be made only with the approval of the Superintendent or designee and as outlined in the District’s Procurement Procedures.

If school equipment, a school facility, or a portion of a school facility or personal property is destroyed or severely damaged or, as a result of an unforeseen catastrophe or emergency, undergoes major operational or structural failure, and the Board determines the delay would prevent or substantially impair the District’s ability to conduct classes or other essential school activities, then other procurement methods may be utilized as needed.

6. Underutilized Businesses

The District shall take affirmative steps to assure small businesses, minority businesses, women’s business enterprises, and labor surplus area firms (“underutilized businesses”) are used when possible. Through the District’s IonWave system, all suppliers are encouraged to submit documentation for underutilized businesses. IonWave maintains all submitted information and is included in the Participation Detail history of each supplier.

These affirmative steps include:

- a. Placing qualified underutilized businesses on solicitation lists
- b. Assuring that underutilized businesses are solicited whenever they are potential sources
- c. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by underutilized businesses
- d. Establishing delivery schedules which encourage participation by underutilized businesses
- e. Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce, and

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- f. Requiring the prime contractor, if subcontracts or to be let, to take the affirmative steps listed above. **200.321**
7. Procurement of Recovered Materials  
The District shall comply with 200.322 regarding procurement of recovered materials which include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at [40 CFR Part 247](#) and the Solid Waste Disposal Act. **200.322**
8. Required Records  
The District uses the Internet-based Texas Computer Cooperative Software (iTCCS) as its procurement system. Purchasing requisitions, supporting documentation, approval workflows,, receiving information, and payments are recorded in iTCCS, which enables the District to maintain records sufficient to detail the history of procurement. In addition, for competitive purchasing, the rationale for the method of procurement, selection of contractor type, contractor selection or rejection, and the basis for the contract price, are retained with the original bid and/or proposal and also maintained in the ionWave system. The District shall maintain all procurement records for seven years in accordance with the District's Local Records Retention Schedule. All records related to procurement activity shall be available for inspection and/or audit during the life of the records. **200.318(i)**

#### 5.4 Contracts for Goods/Services

1. Entering Into a Contract  
The requestor shall review the entire contract agreement with the consultant and both parties will approve the contract by signature. The requestor shall forward a copy of the contract to the attorney (when necessary), the federal Program Director, and the Federal Funds Department. Contracts may be effective only during the period of availability of the funds identified in the NOGA. However, the District may negotiate contracts prior to the effective date of the grant.
  - a. Letter of Intent  
A letter of intent to contract with a third party may be signed prior to the issuance of a NOGA. The letter of intent contains a provision that the future contract is contingent upon the receipt of the specific NOGA. Once the NOGA is issued, the contract will be executed.
2. Selection  
The District shall award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. The District shall state the Best Value Criteria, as well as any additional criteria to be considered within the bid or proposal document. **200.318(h)**
3. Contractor Oversight  
The District shall ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. Contract invoices are reviewed and approved by the Program Director prior to submission to the Federal Funds Department for payment. The Federal Funds Clerk shall act as secondary review that the contract invoice agrees with the original contract terms and prices prior to payment. **200.318(b)**  
  
After goods/services have been provided, the Procurement Department shall evaluate the quality of the contractor's work at the end of the contract/agreement. A Contractor Evaluation Form shall be completed and communicated to the appropriate District personnel (e.g. Program Directors) to assist in future decisions regarding the contractor. The evaluation will be filed by the Procurement Department with a copy of the original contract and made available to the requestor.
4. Contract Provisions



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All contracts must contain the applicable provisions described in [Appendix II to Title 2 CFR Part 200 – Contract Provisions for non-Federal Entity Contracts Under Federal Awards](#).

5.5 Professional Services Contracts

The requirements included in this section are in addition to the requirements for [5.4 Contracts for Goods/Services](#). Competitive bids shall not be solicited for professional services. Contracts for these professional services shall be made on the basis of demonstrated competence and qualifications to perform the services and for a fair and reasonable price.

1. Definition

Professional services include the services of an architect, attorney, certified public accountant, registered engineers, optometrists, physicians, surgeons, land surveyors, landscape architects, registered nurses, and state certified or state licensed real estate appraisers.

Consultant services may also be considered as professional services. Consultant services are defined as individuals, firms, or corporations who have developed recognized expertise through advanced degrees or special licenses. Such consultants lend advice on how a task should be performed (e.g. provide training for teachers, demonstrate methods for analyzing data, etc.); they do not actually perform the task. One exception is professionals who administer student testing for Special Education Services.

2. Awarding Professional Services Contracts

Awarding shall document:

- d. A description of the service to be performed,
- e. How the costs are necessary for the operation of the District or the proper and efficient performance of the award, and
- f. That the following factors were considered:
  - i. Nature and scope of service in relation to service required
  - ii. Necessity of contracting for the service, considering the District's capability at the time
  - iii. Past pattern of such contract costs
  - iv. Impact of award on the District (i.e. what new problems have arisen?)
  - v. Whether the proportion of federal grant work to the other total business is such to influence the entity in incurring the cost
  - vi. Whether the service can be performed more economically by direct employment
  - vii. Qualifications of the contractor and customary fees charged
  - viii. Adequacy of the agreement for the service (e.g. description of the service, estimate of time required, rate of compensation, and termination provisions) **200.459**

All such written agreements, or contracts, shall be made on the basis of demonstrated competence and qualifications to perform the services for a fair and reasonable price.

3. Additional Contract Provisions

Professional contracts shall contain the following additional provisions:

- g. The contract is only effective upon receipt by the District of the NOGA from the awarding agency.
- h. The contract period is aligned to the grant period of availability as stated on the NOGA from the awarding agency.
- i. The contract specifies the invoice provided by the contractor will include the list of services provided, dates of services, and location(s) where services were provided during the billing period.
- j. All services will be completed during the effective dates of the contract.
- k. All services will be invoiced monthly after services are received and paid upon verification of receipt of services.

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- l. The contract identifies the funding sources that will be charged for the services provided.
- m. The contract identifies and lists only reasonable, necessary, and allocable services to be provided during the period of availability of the funding sources listed in the contract.

5.6 Procurement Cards

The District uses procurement cards (“credit cards”) to make purchases with federal grant funds. Credit cards are issued to authorized personnel, with a select few in the custody of the Procurement Department.

1. Procurement Department

Seven credit cards are in the custody of the Procurement Department. These credit cards are issued only after a PO has been created and approved by the proper channels in iTCCS. The credit card is used as the method of payment and must be signed in and out of the Procurement Department.

2. Individual Credit Cards

Authorized personnel have custody of a District credit card for reasonable business purposes. The credit card is assigned by department and a responsible individual who ensures sufficient controls over access to the card.

3. Monthly Statements

Monthly, the Procurement Department notifies all credit card custodians to submit the original, detailed receipt for all credit card purchases. Procurement credit card purchases are submitted as a normal PO while Individual credit card purchases are submitted along with a Credit Card Expense Report which details the reason for the purchase and the fund the purchases will be coded to. Credit card purchases coded to federal funds shall meet the allowable cost principles.

Fraudulent credit cards purchases shall be grounds for disciplinary action, up to and including termination of employment. The appropriate legal authorities shall also be notified for criminal prosecution, as appropriate.

5.7 Efficiency of Procurement System

The District shall complete a review of the procurement system on at least an annual basis to self-certify that the procurement system is efficient and effective. The Procurement Director shall oversee the completion of the self-certification. The results of the certification shall be distributed to all grant management staff. If deficiencies are noted, the Procurement Director shall develop a Corrective Action Plan to remedy the deficiencies, as appropriate. This self-certification will commence in the fiscal year the District has fully implemented all EDGAR procurement standards. [200.324\(c\)](#)

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## SECTION 6: COMPENSATION

### 6.1 Personal Services

Compensation for personal services include all payroll expenditures, paid currently or accrued, for services of employees during the period of performance under the federal award, including, but not necessarily limited to, wages and salaries. Compensation costs are allowable under federal cost principles if:

- The costs are reasonable for the services rendered and conforms to the District's Personnel Board Policies ([DEA](#), [DEAA](#), [DEAB](#)). Compensation is reasonable to the extent that it is consistent with pay for similar work within the District or in the local labor market.
- The employee was hired in accordance with Board Policies [DC \(LEGAL\)](#) and [DC \(LOCAL\)](#) – Employment Practices
- Costs are properly supported as identified in section 6.3 below ([Documentation of Compensation Costs](#)). **200.430**

The payroll expenditures must be authorized on the grant application and the duties assigned must be directly related to grant activities.

Stipends, Extra-duty pay, staff development substitute pay, and all other supplemental pay must be approved by the program director prior to being processed for payroll.

### 6.2 Fringe Benefits

Fringe benefits are allowances and services provided to employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave (vacation, family-related, sick, or military), employee insurance, pensions, and unemployment benefit plans. Fringe benefits are allowable under federal cost principles if:

- The benefits are reasonable and are required by law or an employee agreement, or provided under the District's Personnel Board Policies ([DEAB](#), [DEB](#), [DEC](#), [DECA](#), [DECB](#), [DED](#))
- The benefit costs are distributed equitably at the same allocation rate (percentage) as the employee's base compensation **200.431**
- The benefit costs were earned and paid during the grant period

The District shall not charge the following benefit costs to a federally funded grant:

- Severance or settlement agreement payouts
- Optional pensions plans
- Automobile costs or allowance
- Post-Retirement Health (i.e. TRS-Active Care)

### 6.3 Documentation of Compensation Costs

The District uses the Internet-based Texas Computer Cooperative Software (iTCCS) for its financial management system, including payroll information. All compensation costs for all employees are recorded in iTCCS, which enables the District to to monitor compensation costs vs. budgeted costs and to report compensation costs, including costs by fund, fund allocation, year, intent, etc. **200.430(i)**

For hourly and non-exempt employees, payroll hours will be processed as outlined in the "Timeclock Electronic Timekeeping" Operating Procedures. **200.430(i)(i)** Additional supporting documentation (new hire information, timekeeping records, absence records, etc.) are retained with the Payroll department by school year and campus/department.

### 6.4 Time and Effort

Time and effort documentation is required when any part of the employee's salary is charged to the federal program. Time and effort documentation serves as a receipt for payroll expenditures (Object Code 6100). Time and effort documentation does not apply to independent contractors (Object Code 6200)

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1. Job Descriptions

The District shall develop and distribute a job description to all District staff that is wholly or partially funded with federal grant funds. The grant-funded staff shall sign the job description upon employment and on an annual basis.

In addition, the Program Director shall maintain an up-to-date roster of all grant funded staff to include the position, title, and funding source(s) by percentage.

2. 100% Funded Semiannual Certifications

For employees who work solely on programs/projects funded by federal grants, the employee's salary and wage charges shall be supported by semiannual certifications. The Semi-Annual Certification Statement shall include the following:

- Employee's name and position
- Name of the federal program under which the employee was 100% funded
- A statement the employee worked solely on that program for the period covered
- Signed by all 100% funded employees and certified and dated by the Principal, or the employee's immediate supervisor.

The Semi-Annual Certification Statements shall be prepared after the work is performed, shall account for total activity performed during the reporting period, and shall be completed once for each school semester (Fall and Spring). The statements are submitted to the Program Director for review and retention. Any statements that reflect a percentage other than 100% shall be forwarded to the Federal Funds Department for adjustment of the grant payroll expenditures for the certification period.

3. Split-Funded Employees

The District, in general, will not split-fund employees. However, if split-funding is needed and approved and allowed by the federal program, the following procedures will be followed.

The Employee's distribution information in the system will include all funding sources and the percentage per funding source. When payroll runs, the wage will be allocated per the setup distribution.

Employees who work on programs/projects funded by various sources (e.g., more than one federal grant, local funds, etc.) are required to maintain monthly personnel activity reports to support the distribution of their salaries or wages.

The Monthly Time and Effort Record for Split-Funded Staff shall include the following:

- Employee's name and position
- Grant source/s and percentage/s
- Employee's actual activity by funding source
- Signed by the employee and the employee's immediate supervisor.

The monthly reports are submitted to the Program Director for review and retention. The Program Director will compare the percentages per the monthly reports to the budgeted percentages used for monthly payroll charges. Any differences shall be forwarded to the Federal Funds Department for adjustment of payroll expenditures as noted on the monthly report.

The Monthly Time and Effort Record for Split-Funded Staff shall be prepared after the work is performed, shall account for total activity for which the employee is compensated, shall be completed monthly, and must agree with supporting documentation (wages paid per funding source agree to actual activity performed).

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4. Exceptions

In three cases, federally funded employees are exempt from the time and effort reporting requirement:

- a. Employees who engages 100% of the time in indirect cost activities and is paid from the indirect cost pool.
- b. Employees whose salaries are fully funded by any Ed-Flex covered grant program.
- c. Campuses that chose to adopt a schoolwide program model.

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6.5 Travel Reimbursements

In accordance with Board Policy [DEE \(LOCAL\)](#), reimbursement for authorized travel shall be in accordance with IRS regulations and the travel reimbursement rates for state employees. Travel reimbursement procedures are detailed in the MISD Professional Travel Guidelines.

1. Prior Approval

Prior approval for all travel, including prepaid expenses, shall be obtained before any expenses are incurred. The employee must complete a Request for School Business/Staff Development/Professional Learning Travel form and obtain approval from the program director prior to any District reimbursable travel.

The request form will include:

- a. Travel details (who, what, when, where).
- b. Reason for the trip (why). This will include justification that participation of the individual is necessary to the federal award. [200.474\(b\)](#)
- c. Estimate of all travel costs.
- d. Funding source – which budget codes the expenses will be paid from.

2. Travel Costs

Authorized travel costs are for reasonable and allowable expenses for lodging, subsistence, transportation, and related items incurred while in travel status on official District business. [200.474\(a\)](#)

Travel costs will be reimbursed on an actual basis and employees must submit detailed receipts. Meals will be reimbursed on a per diem rate. Allowable travel costs are detailed in the “MISD Professional and Student Travel Guidelines.

The District shall not allow any “family-friendly” travel expenditures, such as temporary dependent care costs, with federal grant funds. [200.474\(c\)](#)

3. Submitting Expenses

Upon return from the trip, the employee will submit to the program director: a Professional Trip Expense Reimbursement form; the approved request form; and detailed receipts documenting actual expenses.

The program director shall review and approve all travel-related expenditures paid with federal grant funds. The program director’s review shall include: verifying the traveler has documented a valid reason consistent with the grant guidelines, and the travel expenditures meet the allowable cost principles.

Once approved by the program director, the reimbursement request will be submitted to the Federal Funds Department for processing. The Federal Funds Clerk will serve as a secondary compliance review to ensure the costs are reasonable and consistent with the District’s travel guidelines. The Federal Funds Accountant, or designee, will review and approve all reimbursement requests for payment and forward the request to the Federal Funds Clerk for entry into the iTTCS system. [200.474\(b\)](#)

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## SECTION 7: FINANCIAL MANAGEMENT

### 7.1 Financial Management System (iTCCS)

In accordance with Board Policy [CBB \(LEGAL\)](#), the District's financial management system must be sufficient to monitor and report federal grant transactions. The District uses the Internet-based accounting software, called Skyward as its financial management system. Accounting and expending of all federal grant expenditures are recorded in Skyward, which enables the District to monitor and report federal grant transactions. This information includes requisitions, purchase orders, expenditures, and revenues and be supported by source documentation. **200.302(a)**

Federal awards will be identified using a Fund Code. This three 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. Federal fund codes lead with a 2 (i.e., 2xx).

See [Section 11: List of Grant Awards](#) of this manual to determine each federal fund code, including the corresponding federal program and federal award identification number. **200.302(b)(1)**

iTCCS will identify the application of funds for federally funded activities (the assets, expenditures, obligations, authorizations) and reference the supporting source documentation (PO#, Check #, Journal Entry #, etc.). **200.302(b)(3)**

### 7.2 Budget Setup

1. Once a NOGA is received, the Federal Funds Accountant will set up the budgeted revenue and budgeted expenditures in iTCCS through a journal entry. Grant funds shall be budgeted in the appropriate fund code as authorized by the TEA's Financial Accountability System Resource Guide (FASRG), or the granting agency, as appropriate. In addition, the object expenditure codes noted on the grant application shall be consistent with the budgeted account codes. Budget codes and amounts will be determined by the program director and posted by the Federal Funds Accountant or Clerk as available for use in the iTCCS system no later than 30 days after receipt of the NOGA. The Federal Funds Accountant will compare the proposed budget to the NOGA application to ensure funds are budgeted within the 25% variance across object codes.
2. Budget transfers throughout the fiscal year will be approved by the program director and the Federal Funds Accountant. Once approved, a Federal Funds Clerk will post the journal entry to transfer the budget as requested.
3. NOGA amendments will be posted by the Federal Funds Accountant as updated NOGAs are issued by TEA. These may be due to final amounts determined, carryover amounts granted, etc. The program director monitors the need for an amendment throughout the grant period and at least one month prior the grant amendment deadline. Not all NOGA amendments will have a change in the total awarded amount. In addition, not all NOGA amendments will have a change in the allocation amounts by object code.
4. The Federal Funds Accountant shall be responsible for ensuring that the budget in iTCCS corresponds to the most recent grant NOGA and funds are budgeted within the 25% variance across object codes.

### 7.3 Payment Procedures

#### 1. Purchase Orders

All expenditures for the grant shall be initiated with requisition by the requestor. The requisition will be reviewed and approved by the program director and procurement director, which creates a Purchase Order (PO). POs will be reviewed and approved in the iTCCS system by the any encumbrance is processed. The PO will be processed as outlined in the "Cash Disbursements" Procedure Memo.

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2. Payment Processing

The Federal Funds Department will serve as a secondary compliance review to ensure items authorized on requisitions match the items on the invoice for payment. Invoices will be checked for computational accuracy and vendor authenticity. The requisition will be examined for appropriate receiving authentication. Finally, all invoice account coding will be reviewed to ensure accurate reporting of expenditures. The Federal Funds Accountant, or designee, will review and approve all invoices and forward all invoices to the Federal Funds Clerk.

The Federal Funds Clerk will enter all invoices into iTCCS and process the payment as outlined in the "Cash Disbursements" Procedure Memo.

Payments to vendors shall be made promptly in accordance with federal regulations and state law. Specifically, in accordance with the Texas Prompt Payment Act, the District shall pay all invoices within 30 days of receipt of goods/services and the invoice, whichever is later.

7.4 Draw Down of Grant Funds

1. Reimbursement Option

The District has elected to draw down federal grant funds under the cash reimbursement program guidelines (i.e., after the delivery of the payment to the payee). At no time shall the district draw-down any "advanced" cash payments, unless specifically allowed by the granting agency. No interest shall be earned, recorded, nor returned to the granting agency as a result of the cash reimbursement program.

The District shall, on at least a monthly basis, or as allowed or required by the grant guidelines, draw-down grant funds that have been spent in accordance with the grant guidelines. The draw-down shall be for all expenditures to date, less grant funds received to date, as verified by a financial general ledger. The expenditures shall be net of all refunds, rebates, discounts, credits, and other adjustments, if any.

The district shall submit a draw down of federal grant funds only when the expenditure has been made as evidenced by distribution of a paycheck to a grant funded staff member or mailing, e-paying, or delivering a payment to a vendor. **200.305**

2. Request for Reimbursement/Draw Down of Funds

The draw down of grant funds shall be initiated by the Federal Funds Department. The draw down will be processed as outlined in the "Draw Down of Federal Funds" Procedure Memo. **200.302(b)(6)**

Before a draw down of any grant is processed, the Federal Funds Department will generate a general ledger detail report of all grant revenue and expenditures from iTCCS to determine the amount to be drawn down. In addition, the Federal Funds department will compare the expenditures with budgeted amounts for each federal award. This comparison will also include ensuring that expenditures by object code do not exceed more than 25% of the total grant and the requested draw down amount does not exceed a grant-specific draw down amount, or percentage. [NOTE: The NCLB draw down percentage is 20% per month and aggregates each month.]. In addition, the percentage of expenditures-to-date is determined monthly and in summary. **200.302(b)(5)**

The "Request for Reimbursement/Draw Down of Funds" form will be prepared for each draw down request and, along with the general ledger detail report, sent to the applicable federal program director for review and approval.

The federal program director review shall consist of the following:

- 1) Review that all transactions are accurate and considered allowable for the grant by 2 CFR 200



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- 2) Review the detailed general ledger for any unusual charges or reclassification of expenditures
- 3) Monitor the percentage of expenditures-to-date to ensure that the grant funds are expended on a timely basis throughout the grant period. [NOTE: TEA may disallow grant fund expenditures that appear to be made outside of the grant period or so late in the grant period that the district and its student did not benefit from the delayed expenditure.]
- 4) Monitor the percentage of expenditures by object code do not exceed by more than 25% of the total grant.
- 5) Approve the "Request for Reimbursement/Draw Down of Funds" form to certify the expenditures and to authorize in writing for the finance department to draw-down the available grant funds.

Upon approval from the program director, the Federal Funds department shall begin the electronic draw-down request from the TEA Expenditure Reporting site.

3. TEA Expenditure Reporting

The District uses the electronic expenditure reporting (ER) system to report allowable expenditures by class/object code and request reimbursement for those expenditures. If manual approval of an electronic draw-down is required by the granting agency, the Federal Funds Department shall comply with the manual requirements.

A new expenditure report request will be created per the amounts approved by the program director on the "Request for Reimbursement/Draw Down of Funds" form. The Federal Funds Accountant will verify the totals per the approved form and the cumulative expenditure amount and draw down amount per the ER system match and that the monthly grant percentage threshold has not been exceeded. Once verified, the Federal Funds Accountant will save and certify/submit the draw down request.

Federal regulation (CFR 200.415) requires the District to certify the accuracy of the annual and fiscal reports or vouchers requesting payments be signed by the authorized individual(s). The program director and the Federal Funds Accountant, or designee, shall jointly certify every draw-down of funds, including the final expenditure report (draw-down of funds) as noted below:

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

**200.415(a)**

After an expenditure report is certified, the system processes it for payment. Most funds are disbursed within five to seven business days after they are approved.

TEA at times requests supportive information related to a drawn down such as a detailed general ledger, narrative justification, or summary of expenditures by object code. Upon a request from the TEA, the Federal Funds Accountant shall respond to the request within the allotted time to avoid designation as a "high risk" grantee.

The approved "Request for Reimbursement/Draw Down of Funds" form, the general ledger detail, and the ER system confirmation will be retained in the Federal Funds department according to the District records retention policy.

4. Final Draw Down of Grant Funds

The final draw-down shall be reviewed and approved in the same manner as a periodic draw-down. The final draw-down of grant funds from the granting agency shall be made within the allowable

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timeframe. The grant liquidation guidelines shall be adhered to in making final payment for all goods and services received and *placed into service* before the end of the grant period. The draw down process shall be the same as a monthly or periodic draw down, except that all refunds, rebates, credits, discounts or other adjustments to the general ledger must be recorded in the general ledger prior to submitting the final draw down request.

There shall be no outstanding purchase orders or pending liquidations at the time of the final draw down of grant funds. In addition, the revenues realized and the expenditures should be equal at the time of the final draw down of grant funds.

If a final draw down deadline is missed, the Federal Funds Accountant shall contact the granting agency to determine if a process exists to request a filing deadline extension. [NOTE: TEA has developed procedures to request an extension for filing expenditure reports. The request form must be completed, signed by the grantee official and filed with TEA within 30 days of the final expenditure report deadline.]

5. Receipt of Grant Funds

The District shall record all grant fund receivables upon receipt from the granting agency. The receipt of grant funds shall be posted by the District Cashier to the general ledger to the appropriate account code. In the event that the grant funds received do not match the submitted amount, the Federal Funds Accountant shall contact the granting agency to determine the discrepancy. If the granting agency has reduced and/or increased the grant funds paid to the district, a general ledger adjustment shall be posted to the appropriate accounts. The Federal Funds Accountant shall prepare and post the adjusting journal ledger entry.

7.5 Grant Closeout Procedures

The district shall submit all grant closeout documentation as required by the terms and conditions of the federal award to the granting or pass-through agency no later than 90 calendar days after the end date of the period of performance. The granting or pass-through agency may approve extensions when requested. [200.343\(a\)](#)

Grant closeout procedures shall include, but not be limited to:

- Ensure that no obligations are made after the grant period end date
- Liquidate all obligations incurred during the grant period no later than 90 calendar days after the end date of the period of performance as specified in the terms and condition of the federal award. [200.343\(b\)](#)
- Submit the final grant program performance report, if any
- Submit the final grant expenditure report, if any
- Draw down all expended grant funds (reimbursement request) and match the grant expenditure draw downs with the iTCCS general ledger
- Certify the final draw down of federal grant funds is accurate
- Promptly refund (within 90 calendar days after demand) any excess grant funds, interest, or other payables to the granting agency or pass-through agency [200.345](#)
- Account for any property on hand at the end of the grant period.

## SECTION 8: MONITORING and REPORTING

### 8.1 Grant Monitoring

The District shall be responsible for oversight of the operation of the federal award supported activities. The District shall monitor its activities under federal awards to assure compliance with applicable federal requirements and performance expectations are being achieved. Monitoring shall cover each federal program and shall include, but are not limited to: [200.328\(a\)](#)

- Compliance with federal requirements, such as cost principles and reporting requirements
- Grant expenditures are allowable and properly documented
- Periodic review of grant performance including over/under expenditures, follow-up on audit findings, etc.
- Periodic assessment of procedures for efficiency and effectiveness
- Implementing strategies to mitigate fraud and waste in the expending of grant funds

The federal Program Director shall monitor the timing of grant activities throughout the grant period, especially as they related to the desired outcomes. The Federal Funds Accountant shall monitor the timing of grant expenditures, especially as they related to the period of availability of grant funds. If either the grant activities or grant expenditures reflect that the District will not accomplish the grant activities during the grant period, the federal Program Director and the Federal Funds Accountant shall work collaboratively to develop an action plan to ensure that the federal grant goals are met.

### 8.2 Financial Reporting – Single Audit

A single audit is required if the District has more than \$750,000 in total federal expenditures. The audited federal program for the fiscal year is determined by the independent auditor and will be conducted along with the annual financial audit as required by District Policy [CFC \(LEGAL\)](#).

The District is required to submit annual financial reports and compliance reports to the TEA within 150 days after the end of the fiscal year. **In addition**, the District must electronically submit the audit report package to the Federal Audit Clearinghouse (FAC) within the earlier of the following:

1. 30 calendar days after receipt of the auditor's reports, or
2. Nine months after the end of the audit period.

The audit reporting package must include the following:

1. Financial statements and Schedule of Expenditures of Federal Awards (SEFA)
2. Summary schedule of prior audit findings
3. Auditor's report(s), either organized as a combined report or in separate reports
4. Corrective action plan to address each audit finding included in the current year auditor's report(s)

### 8.3 Federal Fiscal Reporting

Federal grant programs include fiscal requirements to ensure that grant recipients spend funds in the manner specified by the grant program. Recipients of federal grant programs are often required to report back to the federal government information on the use of federal funds. The required information will vary depending on the federal law that governs the reporting.

The District shall ensure all reporting requirements for grant programs are met within the established timelines. Completion of the requirements may require the collaboration of several departments; however, the ultimate responsibility for the reporting requirements shall be as noted below:

- a. Programmatic reports – activity, progress, evaluations, etc. – Program Director
- b. Expenditure reports – interim, draw downs, final expenditure reports – Federal Funds Accountant
- c. Compliance reports – Comparability, Indirect Cost, etc. – Finance Department, Federal Funds Accountant
- d. Highly Qualified Staff reports – Human Resources Department

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1. Maintenance of Effort (MOE)

MOE Requires LEAs to maintain their expenditures at a specified level from one fiscal year to the next. The District must meet the MOE requirement to be eligible to receive grant funds.

The Federal Funds Department shall compute the MOE for NCLB and IDEA-B in collaboration with the appropriate Program Director, and using TEA's calculation tools. Refer to TEA's MOE guidance pages for information related to compliance:

NCLB: [NCLB LEA Maintenance of Effort](#)

IDEA-B: [IDEA-B Maintenance of Effort](#)

2. Comparability of Services (NCLB)

Comparability of services is a fiscal requirement for recipients of Title I, Part A funds under NCLB. The requirement is an assessment of services provided at Title I, Part A and Non-Title I, Part A campuses. LEAs that receive Title I, Part A funds must use their state and local funds to provide comparable services at their campuses receiving Title I, Part A funds compared to campuses that are not receiving Title I, Part A funds.

The Federal Funds Department shall conduct the comparability test on an annual basis and complete the Title I, Part A Comparability Assurance Document (CAD) and Comparability Computation Form (CCF), as needed. Refer to TEA's [Title I, Part A - Comparability of Services Requirement](#) page for guidance and resources.

8.4 Remedies for Non-Compliance

The District may be subject to consequences due to non-compliance with federal regulations. The District shall strive to maintain compliance, but shall respond appropriately to all notifications of non-compliance from the federal granting agency or pass-through agency (TEA). **200.338**

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## SECTION 9: RECORD RETENTION

### 9.1 Retention Requirements

Financial records, supporting documents, statistical records, and all other records pertinent to a federal award shall be retained by the District for a period of seven years. In addition, the following records may exceed the seven year requirement:

1. Records of any litigation, claims, or audits must be retained until all litigations, claims, or audits findings involving the records have been resolved and final action taken.
2. Records for equipment acquired with federal funds must be retained for 3 years after final disposition.
3. When the District is notified by the awarding, cognizant, oversight, or pass-through agency to extend the retention period. [200.333](#)

In accordance with Board Policy [CPC \(LEGAL\)](#) and [CPC \(LOCAL\)](#), the District has designated a District Records Management Officer who shall oversee the District's records management program. All questions related to the retention, destruction, and/or addition of a new record series shall be directed to the District's Records Management Officer. Refer to the District's Records Retention webpage at: [Midland ISD Records Retention](#).

### 9.2 Collection, Transmission, and Storage

The District shall maintain readable grant-related records in a combination of paper or electronic format. Paper documents will include expenditure reimbursement approvals, purchasing supporting documentation, and copies of completed/submitted reports.

The District shall use the following to collect electronic data:

- iTCES financial management system is hosted by the Texas Computer Cooperative (TCC). This includes the finance, purchasing, warehouse, payroll, and human resources information.
- TIPWebIT is the District's fixed asset management software stores inventory records (acquisition, history, disposition)

In addition, any other additional ad-hoc reports created by the District for the purposes of monitoring federal award shall be stored in an open and machine readable format, such as Microsoft Office documents (i.e., Excel spreadsheets, Word documents, etc.) and/or PDF documents. [200.335](#)

### 9.3 Transfer and Access of Records

Unless otherwise notified by the federal awarding agency, the District shall retain all financial and program records related to the grant award in accordance with the federal grant. Upon request from the federal granting agency, the District shall transfer the records to the requesting federal agency. [200.334](#)

In addition, the District shall make all grant-related records, including grant-related procurement records, available for access to the federal granting or pass-through agency upon request for audits, examinations, excerpts, and transcripts. The federal agencies have rights of access as long as the records are retained. [200.336](#) ; [200.324](#)

Unless required by Federal, state, and local statute, the District is not required to permit public access to their records. [200.337](#) Refer to Board Policy [GBA \(LEGAL\)](#) for information that must be disclosed to the public and information that is not required to be released to the public.

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**SECTION 10: Conflicts and Allotments**

10.1 Conflicts of Policies

When the district’s local policies and/or procedures conflict with federal regulations, the district shall comply with the more restrictive regulations in all aspects of federal and state grants management.

10.2 State Programs Allotments

State Program allotments are estimated and paid to school districts through a Summary of Finance template created by the Texas Education Agency. The actual state allotments are calculated as noted below in each respective section. A settle-up process occurs at the end of each fiscal year – funds owed to a district are paid by TEA and funds owed by a district are paid to TEA (or TEA reduces the following fiscal year funds by the amount owed to the state).

A percentage of each state allotment must be spent on “direct” expenditures for the given special program. The current percentages and program intent code (PIC) are noted below by program:

<b>Special Education</b>	<b>52%</b>	<b>PIC 23</b>
<b>Career &amp; Technical Education</b>	<b>58%</b>	<b>PIC 22</b>
<b>Gifted &amp; Talented Education</b>	<b>55%</b>	<b>PIC 21</b>
<b>State Compensatory Education (SCE)</b>	<b>52%</b>	<b>PIC 24-30 (except 25&amp; 27)</b>
<b>Bilingual/ESL Education</b>	<b>52%</b>	<b>PIC 25</b>

The mandated program intent codes (as defined in the FASRG) are classified as Basic or Enhanced. The PICs in these classifications for regular and special program allotments are noted below:

Basic Services – PIC 1X

- PIC 11 Basic Educational Services

Enhanced Services – PIC 2X – 3X

- PIC 21 Gifted & Talented
- PIC 22 Career & Technical Education
- PIC 23 Special Education
- PIC 24 Accelerated Education (State Compensatory Education)
- PIC 25 Bilingual and ESL Education
- PIC 26 Non-Disciplinary Alternative Education Program
- PIC 28 Disciplinary Alternative Education Program – Basic
- PIC 29 Disciplinary Alternative Education Program – SCE Supplemental
- PIC 30 Title I, Part A Schoolwide Activities related to SCE (Campuses with 40% or more educationally disadvantaged students)
- PIC 31 High School Allotment

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## **SECTION 11: State and Federal Grant Management**

The Office for Grants and Fiscal Compliance (GFC) at Texas Education Agency is responsible for managing all discretionary and formula grants, ensuring the agency's compliance with federal grant requirements, and conducting audits and reviews of all local educational agencies (LEAs). The department houses the following divisions:

- Division of Grants Administration (formerly the Division of Discretionary Grants and the Division of Formula Funding)
- Division of Federal Program Compliance (formerly the Fiscal Accountability and Federal Reporting Unit)
- Division of Financial Compliance (formerly housed in the Office for Accreditation)

Compliance with all federal and state grant requirements is essential to ensure that all granted funds remain with the district. Failure to comply with grant requirements may result in denial of reimbursement requests and/or requests from the granting agency to return a portion or in some cases all grant funds. The Texas Education agency acts as the pass-thru entity for many of the United States Department of Education (USDE) federal grants.

### Federal Regulations for Federal Grant Awards

All federal grant funds are subject to the compliance with Administrative (EDGAR) and Programmatic (NCLB, IDEA, etc.) regulations for each federal grant award.

Title 34, Code of Federal Regulations (CFR), Parts 75-79, 81 to 86 and 97-99 EDGAR is currently in transition. For awards made prior to 12/26/2014, EDGAR Parts 74 and 80 still apply. For awards made on or after 12/26/2014, 2 CFR Part 200, which includes the substance formerly in parts 74 and 80, applies. For state-administered federal grants, TEA shall notify the district on the Notice of Grant Award (NOGA) of the applicable administrative regulations. The State and Federal Grants Addendum contains guidance for pre-December 26, 2014 federal grant awards. The date of the award to the district (or pass-through entity such as TEA) shall determine the appropriate regulations.

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**SECTION 12: REFERENCED POLICIES**

<u>FEDERAL FUNDS MANUAL SECTION</u>	<u>BOARD POLICY</u>
SECTION 1: GENERAL INFORMATION	CB (LOCAL) CAA (LOCAL) CBB (LEGAL)
SECTION 2: GRANT APPLICATION	
SECTION 3: COST PRINCIPLES	
SECTION 4: PROPERTY MANAGEMENT	CFB (LOCAL)
SECTION 5: PROCUREMENT	CH (LEGAL) CH (LOCAL) CBB (LEGAL) DH (LOCAL)
SECTION 6: COMPENSATION	DEA DEAA DEAB DC (LEGAL) DC (LOCAL) DEB DEC DECA DECB DED DEE (LOCAL)
SECTION 7: FINANCIAL MANAGEMENT	CBB (LEGAL)
SECTION 8: MONITORING/REPORTING	CFC (LEGAL)
SECTION 9: RECORD RETENTION	CPC (LEGAL) CPC (LOCAL) GBA (LEGAL)



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Financial Services  
Federal Funds Manual

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**Midland Independent School District**  
 Financial Services - Federal Funds Department  
**List of Grant Awards**  
 Fiscal Year: 2018-2019

**Section 12: List of Grant Awards**

Title	Fund #	NOGA_ID	Fed Awd # CFDA #	Year Open	SchoolYear	Award Amount	Grant Open Date	Grant Close Date	Due Dates	Director
2018-2019 GROW YOUR OWN GRANT	429-GO	"180291377110011		8		106,000.00	4/13/2018	5/31/2020		Elise Kail
2018-2019 P-TECH AND ICIA PLANNING GRANT	289-G01	"180255037110010		8		12,500.00	2/23/2018	6/15/2019		Jeff Horner
2018-2019 GROW YOUR OWN GRANT	429-G01	"180291377110011		8		12,500.00	2/23/2018	6/15/2019		Jeff Horner
CARL D. PERKINS BASIC FORMULA GRANT	244-00	"19420006165901	V048A180043 84.048A	9	2018-2019	276,701.00	7/18/2018	8/15/2019	Final:9/16/2019 Rev:10/14/2019	Kim Evans / Teresa Moore
TITLE I, PART A-IMPROVING BASIC PROGRAMS	211	"19610101165901	S010A180043 84.010A	9	2018-2019	4,888,548.00	7/1/2018	9/30/2019	Final:10/30/2019 Rev:10/30/2019	Teresa Moore
TRANSFORMATION ZONE PLANNING CONTINUATION AND IMPLEMENTATION	288	"196101217110004	S010A180043 84.010A	9	2018-2019	5,500,000.00	8/29/2018	8/31/2020	Final:9/30/2020 Rev:9/30/2020	Elise Kail
TTL I 1003 SCHOOL IMPROVEMENT GRANT	296	"19610141165901	S010A180043 84.010A	9	2018-2019	550,000.00	10/10/2018	9/30/2019	Final:10/30/2019 Rev:10/30/2019	Teresa Moore
2018-2019 SCHOOL TRANSFORMATION FUND - PLANNING	288-PRK	"196101427110015		9	2018-2019	300,000.00	7/9/2018	6/30/2019	Final:7/30/2019 Rev:9/3/2019	Elise Kail
IDEA-B Formula	224	"186600011659016600	H027A170008 84.027A	8	2017-2019	5,539,990.00	7/10/2017	9/30/2019	Final:10/30/2019 Rev:10/30/2019	Dawn Miller
IDEA-B Preschool	225	"186610011659016610	H173A170004 84.173A	8	2017-2019	172,239.00	7/10/2017	9/30/2019	Final:10/30/2019 Rev:10/30/2019	Dawn Miller
IDEA-B Formula	224	"196600011659016600	H027A180008 84.027A	9	2018-2019	4,125,765.00	8/10/2018	9/30/2019	Final:10/30/2019 Rev:11/29/2019	Dawn Miller
IDEA-B Preschool	225	"196610011659016610	H173A180004 84.173A	9	2018-2019	77,760.00	8/10/2018	9/30/2019	Final:10/30/2019 Rev:11/29/2019	Dawn Miller
TITLE III, PART A-ELA	263	"19671001165901	S365A180043 84.365A	9	2018-2019	467,622.00	7/1/2018	9/30/2019	Final:10/30/2019 Rev:10/30/2019	Teresa Moore
TITLE IV, PART A, SUBPART 1	287	"19680101165901	S424A180045 84.424A	9	2018-2019	305,472.00	7/1/2018	9/30/2019	Final:10/30/2019 Rev:10/30/2019	Teresa Moore
TITLE II, PART A-SUPPORTING EFFECTIVE INSTRUCTION	255	"19694501165901	S367A180041 84.367A	9	2018-2019	821,987.00	7/1/2018	9/30/2019	Final:10/30/2019 Rev:10/30/2019	Jill Rivera / Teresa Moore

Total Amount Awarded      23,157,084.00

As of

5/24/2019

