Commerce ISD Grants Management Procedures Manual

Table of Contents

Grant management

Grants management procedures are used for the financial and regulatory administration of all state and federal financial assistance to the district.

Overall responsibility for submitting proposals and for executing and administering awards rests with the Superintendent. The guidelines establish lines of authority within the district related to financials transactions on government assistance received.

Department responsibilities

Duties	Position responsible
Review CIP and DIP for compliance	Director of Curriculum, Special Programs and Grants
Conduct comprehensive needs assessment for district	Director of Curriculum, Special Programs and Grants
Compliance reporting	Director of Curriculum, Special Programs and Grants
Inform key personnel on budgeting, budget amendments, Coding, Time & effort, purchasing, credit cards, contract monitoring (including debarred vendors), travel reimbursements and other employee reimbursements and selected unallowable costs	Director of Finance
Approval of all purchases to ensure compliance with Grant requirements, coding, allowability of costs, Competitive procurement, correct pricing on bids and proposals, eligible special vendors (not on debarred list) and alignment with identified needs, CIPs and DIPs.	Superintendent Director of Finance Director of Curriculum, Special Programs and Grants Director of Special Education Vocational Counselor
Periodic reporting (cash draw downs)	Director of Finance
Quarterly reporting	Director of Finance
Reconciliation of accounting reports	Director of Finance
Application preparation/budget maintenance for federal programs	Director of Curriculum, Special Programs and Grants Director of Special Education Vocational Counselor Director of Finance

1

2011-2012 Grants

Fund	FY	Beg. Date	End Date	Roll Forward	Program	Fed/ St/ Loc	Funding Agency
205	12	07/01/11	06/30/12	N	Head Start	F	GISD
211	12	07/01/11	06/30/12	Y	Title I Part A – Improving Basic Education	F	TEA
255	12	07/01/11	09/30/10	Y	Title II Part A TPTR	F	TEA
263	12	07/01/11	06/30/10	Y	Title III – LEP	F	Reg 10
287	12	07/01/11	06/30/12	N	Education Jobs Fund	F	TEA
289	12	07/01/11	06/30/12	N	Summer School LEP	S	TEA
313	12	07/01/11	06/30/12	Y	IDEA B Formula	F	TEA
314	12	07/01/11	06/30/12	Y	IDEA B Preschool	F	TEA
331	12	07/01/11	06/30/12	Y	Carl D. Perkins Basic Grant formula for CATE	F	TEA

General Guidelines

Supplement Not Supplant Procedures

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

Time and Effort Requirements

Split funding positions on a daily basis results in Time & Effort statements having to be maintained on a daily basis, which takes away from performing assigned duties. We discourage split funding on a daily basis if at all possible; however, if it becomes necessary to split fund a person that is allowable for both fund sources we split the pay by assigned time periods to cover the whole salary. Employees assigned to a master schedule will accomplish time and effort documentation with semi-annual certification and copy of master schedule indicating duties performed on a daily basis. Employees not on a fixed schedule would determine how many days would be paid from each fund source. A semi-annual time and effort certification signed by employee will be submitted to verify accuracy.

TEA-SE Access

TEA-Se access is required for program access such as compliance reporting, application submission, budget amendment submission and expenditure reporting/draw downs. If an employee with TEA-SE access terminates employment from the district, a request will be submitted to de-activate access to the TEA-SE system. If a replacement is employed for the terminated employee, then it will be determined if TEA-SE access is required and a request will be submitted to gain access to the system.

Financial Department

Responsibilities
Responsibilities include:
- Maintaining fiduciary and financial responsibility for all grant activities
- Processing and maintaining the accounting data for the grant
- Grant accounting shall include the details of all grant transactions, from the approval of the proposed grant to final action by the grantee and grantor
- Requesting funds through the automated payment request systems
- Preparing and submitting written expenditure reports and certifying expenses are true and correct
- Classifying and reporting the accounting transactions properly, according to TEA guidelines
- Ensuring that funds are expended as approved in the application
- Filing the following reports:
    - Monthly project expenditure reports
    - Final expenditure report; and
    - Revised final expenditure report (if necessary)

Process for Completing Monthly Expenditure Reports
The following steps will be completed each month:
- Accounts payable clerk will post all finance expenditures and payroll clerk will post all payroll transactions prior to obtaining printout for expenditures for each federal report in order to complete monthly expenditure report for reimbursement from TEA for expenses incurred for the month.
- The business manager will verify transactions/expenditures and enter the cumulative expenditures by object code and request funds via E-grants system expenditure reporting for each NOGA that incurred expenses.

ARRA Quarterly Reporting Requirements

Funds appropriated under ARRA must be spent with an unprecedented level of transparency and accountability. Accordingly, states must publicly report information related to ARRA spending. ARRA Title XV, Subtitle A, Section 1512 (also known as the "Jobs Accountability Act"), requires ARRA fund recipients to report quarterly on the use of those funds. The public can access these reports at Recovery.gov within 30 days of submission.

To submit the required reports, TEA coordinates with subrecipients/subgrantees, local educational agencies (LEAs) and fiscal agents of shared services arrangements (SSAs), to obtain the required information on ARRA-funded grant programs. After each reporting quarter, subgrantees complete Section 1512 reports associated with each ARRA notice of grant award (NOGA) issued by TEA. TEA is monitoring LEA compliance with Section 1512 quarterly reporting requirements.

Budget

Budget Planning
When tentative entitlements are received, the budget planning process begins with communication between program directors and campuses to gather data needed to create the application to be submitted to TEA. Input for budget planning is derived from communication with campus principals and other stakeholders by prioritizing needs; writing goals and objectives based on need and selecting strategies based on needs and researching new programs to address students' needs. When notification is received from TEA via NOGA, then the fund is set in the accounting system reflective of grant award amount and account code distribution that was used to compile the application.

Budget Amendments
An amendment is required to do the following:
- add a class/object code not previously budgeted on the Program Budget Summary
- increase or decrease the amount budgeted in any class/object code on the Program Budget Summary by more than 25% of the current amount approved in the class/object code (for discretionary grants) or of the total approved budget (for formula grants)
- add a new item that requires specific approval in the itemized costs (refer to instructions)
- increase or decrease the number of positions approved under **Payroll Costs (6100)**
- add a new item of computer hardware/equipment (not capitalized) approved under **Supplies and Materials (6300)**
- add a new item of capital outlay items approved under **Capital Outlay** for articles costing less than $5,000 **(6600)**
- add a new item or increase the quantity of capital outlay items approved under **Capital Outlay** for articles costing $5,000 or more **(6600)**
- reduce funds allotted for training costs (where such costs are direct payments or reimbursements to trainees, primarily travel and lodging for trainees; workshop or conference registration fees; tuition; books; and related fees)
- increase construction costs
- request additional funding (if allowed for this grant)
- revise the scope (extent or range) or objectives of the grant (regardless of whether there is an associated budget revision requiring prior approval)

Reviewing Budgets
Grant budgets shall be reviewed periodically to review account code expenditures and monitor if an amendment will be needed.

Budget Transfers
A budget transfer is a transfer of funds which does <u>not</u> require approval of the Board of Trustees. The Business Manager shall approve all budget transfers. Budget transfer line items should exceed $100, and be stated in whole dollars.

To keep budget transfers to a minimum, each budget manager should review his/her budget on at least a monthly basis to determine if any budget transfers are necessary. Each budget manager is encouraged to limit budget transfers to no more than 20 per year. Exceeding this recommended level or budget transfers may substantially change the budget document that was presented to the School Board during the budget adoption process

Understanding Account Codes

Fund Code – a mandatory 3 digit code 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.

Fiscal Year Code – a mandatory single digit code that identifies the fiscal year of the transaction or the project year of inception of a grant project.

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

Organization Code – a mandatory 3 digit code identifying the organization.

Program Intent Code – a 2 digit code used to designate the intent of a program provided to students. These codes are used to account for the cost of instruction and other services that are directed toward a particular need of a specific set of students. The intent determines the program intent code; not the demographic makeup of the students served.

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

Sub-Object Code – a 2 digit code for optional use to provide special accountability at the local level.

Purchasing Guidelines

The district must make its purchases within relevant statutes and policies. Although bound by these constraints, the school district's objective is to purchase the best products, materials and services at the lowest practical prices. The following guidelines are established based on State of Texas statutes, and district policies CH LEGAL and CH LOCAL.

To make a district purchase, the requisitioner must submit a request with a completed pre-acquisition form to his/her supervisor. The supervisor will verify the need, issue the proper account code, and approve. Once approved by supervisor, the request is entered into the requisition system and submitted to the business office for verification and approval. Once approved, the official purchase order is returned with a district issued purchase order number to be used when placing order. The entry of the purchase order encumbers the order in the finance program. The order is placed at the district level. Once received and shipments have been processed, paperwork (packing slips, invoices) are sent to the business office along with a receiving copy of the purchase order to indicate to the business office the order is complete and ready for payment. At that point, the payment information is entered into the finance system and processed for payment in the weekly finance check processing. Purchase orders and invoices are maintained in the business office files.

Purchases using special revenue funds must match the approved application from the funding agency and comply with all program guidelines and assurances. An approved pre-acquisition form must accompany all requests for purchases. Accurate coding must be used for purchases/payments.

For purchases from $10,000 to $50,000 in a twelve month period:
Requirements include seeking three quotes from vendors in an attempt to secure the best possible pricing. Secured quotes should be placed with the purchase order information to verify quotes were obtained.

For purchases for $50,000 or more:
1. Competitive bidding.
2. Competitive sealed proposals.
3. A request for proposals for services other than construction services.
4. An interlocal contract.
5. The reverse auction procedure as defined by Government Code 2155.062(d).
6. The formation of a political subdivision corporation under Local Government Code 304.001.

A district that purchases goods and services by agreement with another local government or with the state or state agency satisfies the requirement to seek competitive bids for the purchase of goods and services.

Use of School Credit Cards
Use of a school credit card requires the employee to complete the purchase order process as listed above, receiving formal approval prior to use of card. The requisition is made to the credit card for vendor purposes. Once approval is obtained, the employee

must sign out the credit card in the business office and sign in the card upon transaction completion. When returning the card, the employee must provide proper documentation for payment to include invoice and all other documentation received as a result of the purchase. Each individual transaction listed on the credit card account billing statement is properly classified in the accounting system according to the code encumbered on the purchase order that coincides with the purchase. All receipts for credit card statements will be placed behind the purchase order for payment to match the credit card statement and maintained in the business office. Purchases made with federal funding should only be made for allowable costs relevant to the program guidelines.

Grants Record Retention
Financial and programmatic records include supporting documents, statistical reports and other records pertinent to program regulations or the grant agreement relating to projects or programs funded by the granting agency.

Federal regulations require that all records of the types mentioned must be available for audit for five years after the date of submission of the single or last expenditure report to the grantor. If an audit is pending in which an expenditure or the eligibility of a student to participate in a federal program is questioned, then all records affecting the outcome of the audit must be retained until the audit is settled.

Reimbursements
Employees seeking reimbursement for expenses incurred out of pocket should submit a requisition to his/her supervisor requesting reimbursement of expenses with original itemized receipts. Itemized receipt must be submitted to the Business Office with approved purchase order. Normal purchasing guidelines apply. Expenses incurred charged to federal funds must following federal program allowable cost guidelines.

Use of Petty Cash Funds
Petty cash may only be expended for items that are allowable per funding source guidance. Original receipts must be furnished in order to begin the process of seeking reimbursement.

Internal Controls
Internal control is a process designed by the district to provide reasonable assurance regarding the achievement of objectives. The objectives are; effectiveness and efficiency of operations; reliability of financial reporting; consistency from one grant program to another; and compliance with applicable laws and regulations. The controls will include all methods adopted by the district to safeguard its assets, comply with management policies and grant terms and conditions and provide reliability of accounting information data.

The board president and board secretary signatures are the required signatures for check processing. Electronic transfer of funds is performed via on-line banking system with authority rights given to the business manager of the district. The transactions are performed with documentation referencing transaction numbers and backup documentation justifying said transfers. The district has adopted CAA LOCAL and CDA

LOCAL to comply with internal controls. The district's internal controls are tested each year by the independent audit firm.

Cash Management Requirements

The district operates on a reimbursement basis for expenditures incurred for federal programs. The expenditures must be paid before requesting reimbursement from TEA. All transactions for requesting reimbursement of funds are maintained with the monthly expenditure report justifying the request for reimbursements. The district should not have more cash on hand than is necessary to meet three days' cash needs for federal programs. .

District Fixed Assets Guidelines

The district's fixed asset system allows the district to purchase, record, track and report on items such as land/buildings, vehicles and computer equipment. This system allows the district to met State and Federal cost accounting requirements.

A fixed asset is defined as an item which has a unit cost of $5,000 or more; a useful life in excess of one year; retains its original shape and appearance with use; is non-expendable; does not lose its identity through incorporation into a different or more complex unit or substance. If parts are purchased separately to assemble into one item or unit, the total cost determines if the unit is to be considered a fixed asset.

An inventory item is defined as having a value between $500 and $4,999.99.

Fixed assets that are no longer in working condition and are to be disposed of will be reported to the business office to be removed from the fixed assets reporting system. Items which are no longer in working condition may be sent to auction. Items to be sold will be removed from the fixed assets system. Proceeds from sale of property will be booked as revenue from sale of property. Fixed assets that has been stolen or destroyed must also be reported to the business office and removed from fixed assets reports.

Donations of items to the district or items purchased from activity funds will be added to the district's fixed asset system and considered property of the district but will remain under the control of the principal or club sponsor. The district accepts responsibility for maintaining and repairing donated items.

For federal fund grant award purposes, fixed assets are coded to the grant fund in the fixed assets system and meet the specifics of the grant. The fixed asset must be used for the original intent of the purchase according to grant allowances.

Guidelines for allowable costs

Professional Services – Cost of professional and consultant services rendered by persons who are members of a particular profession or posses a special skill, and who are not officers or employees of the district, are allowable, when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the

Federal Government. To determine allowability of costs in a particular case, no single factor or any special combination of factors is necessarily determinative. However the following factors are relevant:

- The nature and scope of the service rendered in relation to the service required
- The necessity of contracting for the service, considering the district's capability in the particular area.
- The past pattern of such costs, particularly in the year prior to federal awards.
- The impact of federal awards on the district's business (i.e., what new problems have arisen).
- Whether the proportion of federal work to district's total business is such as to influence the district in favor of incurring the cost, particularly where the services rendered are not of a continuing nature and have little relationship to work under federal grants and contracts.
- Whether the service can be performed more economically by direct employment rather than contracting
- The qualifications of the individual or concern rendering the service and the customary fees charged, especially on non-federal awards.
- Adequacy of the contractual agreement for the service estimate of time required, rate of compensation and termination provisions.

Supplies – Defined as all tangible personal property other than "equipment". Supplies purchased with grant funds, as budgeted in the grant agreement, belong to the district. Supplies are to be used for the originally authorized purposes as long as needed for that purpose.

Capital Outlay – If the district purchases capital outlay (furniture and/or equipment) to accomplish the objective(s) of the project, the title will remain with the district for the period of the grant. TEA reserves the right to transfer capital outlay items for contract noncompliance during the contract period or as needed after the ending date of the contract. These provisions apply to any and all furniture and/or equipment, regardless of unit price and how the item is classified in the district's accounting records. When the capital outlay items are no longer needed for the originally authorized purposes, the items may be used in other activities currently or previously support by TEA or the U.S. Dept of Education.

Property Management Requirements – The district is required to manage property acquired in whole or in part with grant funds by establishing and using procedures the meet 34 CRF 80.32 including the following requirements:

Maintain property records within a fixed asset inventory system to include the description of the property; the serial number; the source of the property; the name of the entity that holds title; the acquisition date and cost; the percentage of federal/state participation in the cost of the property; the location and condition of the property; and any disposition data including date and sale of the property.

Travel Costs
In order for travel costs to be paid/reimbursed, an employee must request travel and submit to the campus secretary for input in the requisition system. The principal/department head must approve. The requisition is submitted to the business office. Once approved, a purchase order number is assigned. Itemized receipts must be submitted for costs incurred. If attending a conference/meeting, verification of completion of the event must be submitted.

Amounts authorized for maximum recovery for travel and per diem costs against any state or federal funding source are restricted to those amounts which are approved in the State of Texas appropriations bill in effect for the particular funding period. Any amount over this limit must come from local funding sources. The Applicant must recover funds at a lesser rate if local policy amounts are less than the maximum allowed by the state. Out-of-state travel may not exceed the federal government rate for the locale. Travel allowances are not allowable costs.

Travel costs will comply with OMB Circular A-87. The program director shall ensure that the allowable cost expended to federal funds do not exceed allowable rates as indicated for site for lodging as per U.S. General Services Administration. Verify allowable amount at www.gsa.gov.

Awards for Recognition and Incentives for Participation
Minimal-cost certificates, plaques, ribbons, small trophies, or instructionally related items to be used in the classroom (such as pens and pencils) are acceptable incentives for participation in program activities or awards for recognition.

The following items may be donated by others but may not be purchased with grant funds:
- Gifts or items that appear to be gifts
- Souvenirs, memorabilia, or promotional items, such as T-shirts, caps, tote bags, imprinted pens, and key chains
- "Door prizes," movie tickets, gift certificates, passes to amusement parks, and so on
- Food of any kind (snacks, beverages, refreshments, meals, and so on)

Program Directors should use OMB Circular A-87
http://www.whitehouse.gov/omb/circulars_a087_2004/?print=1
to assist in determining allowable and unallowable cost for federal grants.