

RICHARD MILBURN ACADEMY

Federal and State Grants
Management Procedures





2021-22 Approval of the **Richard Milburn Academy's** Federal Procedure Manual.

7/1/21

Date Procedures Effective

6/24/21

Date Approved

Armard Anderson

Superintendent's Printed Name

A handwritten signature in blue ink that reads "Armard Anderson". The signature is written in a cursive style and is positioned above a horizontal line.

Superintendent's Signature

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Section 1: Introduction and General Principles

- 1.1. **Purpose:** This manual provides guidelines and procedures for budgeting and expending federal and state grant funds. It is a compilation of state and federal laws and local policies and procedures that are to be used for processing all financial and budget-related items. These procedures are intended to allow for the efficient management and administration of grant-related responsibilities and ensure proper administration of all grant awards.
- 1.2. **Adoption and Review of These Procedures:** These procedures were initially reviewed and approved by the Board of Directors. The Superintendent or The Chief Financial Officer shall approve this State and Federal Grants Manual on an annual basis, or as appropriate, if federal, state or local changes in regulations or policy warrant immediate changes, without additional Board review or approval. Additionally, the Superintendent has the authority to approve updates and revisions to these procedures, as necessary for the efficient management and operations of the Richard Milburn Academy, without additional Board review or approval.
- 1.3. **Federal Funding Guidelines:** Federal funds are supplemental resources allocated for the specific purpose of providing a high-quality education that will enable all children to meet the state student performance standards. Allocations of funds are based on the number of students enrolled who meet the criteria for each funding source and/or percentages of students enrolled who meet requirements for funding. Richard Milburn Academy is obligated to ensure fiscal integrity with all allocated funds.
- 1.4. **Governing Regulations:** All federal grant funds are subject to the compliance with Administrative (EDGAR) and Programmatic (ESSA, NSLP, IDEA, etc.) regulations for each federal grant award. For awards made on or after 12/26/2014, 2 C.F.R Part 200, which includes the substance formerly in parts 74 and 80, applies. Revisions to guidance were issued by the OMB in 2020 and were effective for grants awarded after November 12, 2020 except for the amendments to 200.216 and 200.340 which were effective on August 13, 2020. For state-administered federal grants, TEA shall notify Richard Milburn Academy on the Notice of Grant Award (NOGA) of the applicable administrative regulations. The date of the award to Richard Milburn Academy (or to the pass-through entity such as TEA) shall determine the appropriate regulations. Carryover funds follow new 2020 award rules. Aside from EDGAR, other state and local laws, regulations, and policies may apply. Failure to abide by operable regulations may result in the denial of Richard Milburn Academy reimbursement requests or requests for Richard Milburn Academy to return some or all the grant funds.
 - 1.4.1. **Deference to State and Federal Regulations:** When Richard Milburn Academy local policies and/or procedures conflict with state and federal regulations, Richard Milburn Academy shall comply with the more restrictive regulations.
 - 1.4.2. **EDGAR Terminology Applies:** To ensure consistency with the EDGAR, Richard Milburn Academy shall utilize the acronyms and definitions included in the EDGAR (2 C.F.R 200.1) for general terms related to the management of federal grant funds.
- 1.5. **EDGAR Terminology Applies:** A list of all federal grant awards, including all EDGAR required data, is attached to these procedures as Exhibit A. The list includes the following data:
 - The CFDA title and number,
 - Federal award identification number and year,
 - Name of the Federal agency, and
 - Name of the pass-through entity, if any.

Section 2: Administrative Responsibilities

2.1. Overview of the Grants: The Director of Special Projects and the CFO shall work closely and perform multiple roles; however, Richard Milburn Academy will always ensure adequate separation of duties. All staff will comply with Richard Milburn Academy Fiscal Code of Ethics and Conflict of Interest policy. The functions include, but are not limited to:

- Providing assistance for the preparation of grant applications;
- Exercising budgetary control of grant funds;
- Providing overall financial support and monitoring;
- Establishing, communicating and promoting policies and procedures consistent with federal, state, and local regulations and maintaining an adequate internal control structure to ensure compliance with those regulations;
- Coordinating formal agency audits or interim reviews of grants by federal or state agencies, external/internal auditor(s);
- Providing support and guidance to campuses and Central Office departments for the effective administration and financial management of grants;
- Working cooperatively with the Charter District administrative staff to ensure that all grant activities are collaboratively planned and appropriate to each campus;
- Providing supporting documentation for budgeted grant funds and submitting grant amendments to facilitate budget amendments;
- Assisting the Payroll Department with determining the payroll distribution code(s) for all grant-funded staff;
- Preparing all grant-related programmatic (evaluation) reports in a timely manner;
- Ensuring compliance with the FASRG in coding all payroll and non-payroll expenditures;
- Receiving and monitoring the time and effort reports, as appropriate, and submitting adjustments, if any, into the accounting system;
- Monitoring the spending thresholds throughout the grant period to ensure that the grant activities are being conducted systematically throughout the grant period;
- Reviewing and approving all purchasing and contractual commitments in compliance with the grant periods and allowable cost principles;
- Retaining all grant records for the required length of time (7 years) for audit purposes;
- Providing information to the Payroll Department regarding the number and type of grant-funded positions approved in the grant application by the granting authority;
- Verifying with the Human Resources Department that all grant-funded staff meet the Highly Qualified Staff federal guidelines, as appropriate, and all state certification requirements;
- Verifying with the Human Resources Department that all grant-funded staff has a job description that includes the grant-related duties and funding;
- Verifying with the Human Resources Department that all grant-funded staff sign a job description on an annual basis;
- Verifying with the Human Resources Department that the Highly Qualified Staff Annual Report is prepared and conducting the required public notice or hearing is conducted, as appropriate; and
- Assisting the Human Resources Department with determining the position title, Role ID and other salary information for use in completing the grant application.

2.2. Director of Special Projects Responsibilities: The Director of Special Projects manages the Grants Management Department and works closely with the Finance Department to ensure adequate compliance with grant terms and the implementation of acceptable accounting practices. The duties of the Director of Special Projects include, but are not limited to, the following:

- Training applicable staff in these procedures and in the applicable rules and regulations

- governing grant funds;
- Coordinating/preparing the annual grant budget in coordination with the finance department at the start of each fiscal year;
- Negotiating the grant budget with the TEA Program Manager;
- Approving grant amendments, final amounts, and allocations (with the input of the CFO, if necessary);
- Distributing all necessary copies of grant-related documents, including the original Request for Application, to grant personnel, the finance office, and the grant program area;
- Coordinating with local decision-making committees and other appropriate state and federal offices to maximize the effectiveness of the grant;
- Identifying additional resources that may facilitate grant project activities;
- Determining reasonable opportunities for teachers, parents, and other interested parties to participate in the planning and operation of the grant project;
- Acquiring information regarding promising educational practices developed through prior grant projects and disseminating this information to participating teachers and administrators;
- Reviewing the contents of the grant packet as soon as it is received;
- Ensuring that appropriate personnel review the approved grant application and verifying any necessary modifications to the application or award that may have taken place before, during, or after negotiation with TEA personnel;
- Ensuring that funds are expended only as approved in the grant application and award packet;
- Ensuring that all expenditures and activities are properly documented;
- Ensuring that the project program office's books are reconciled with the Business Office accounting records on a regular basis;
- Ensuring that all the proposed activities are planned, implemented, and completed as approved in the application;
- Completing the TEA Substitute System LEA Certification and submitting every year to the TEA.
- Filing necessary amendments; and
- Filing Progress Activity Reports, Replication Manuals, and Evaluation Reports (also known as Final Reports), as applicable and in coordination with the Business Office as needed.

2.3 Business Office and Chief Financial Officer Joint Responsibilities: Together, the CFO and Business Office ensure that requested grant expenditures adhere to the fiscal requirements set forth in the grant application, budget, and local, state, and/or federal guidelines. The CFO and Business Office also review all expenditure requests to ensure that they are recorded and classified pursuant to the Financial Accountability System Resource Guide ("FASRG") and generally accepted accounting principles. The joint responsibilities of the CFO and Business Office also include, but are not limited to:

- Maintaining fiduciary and financial responsibility for all grant activities;
- Coordinating the preparation of the grant budget with the Director of Special Projects. This will ensure the budgeted line items are classified correctly according to the FASRG;
- Ensuring that funds are expended as approved in the grant application;
- Processing and approving grant purchases for compliance and budgetary purposes;
- Maintaining accounting data for retrieval on all grant projects;
- Ensuring that all expenditures and activities are properly documented;
- Including the details of all grant transactions in the accounting records, from the approval of the proposed grant to final action by the Grantee and Grantor;
- Requesting funds through the automated payment request system and billing invoices;
- Coordinating as needed, the preparation and filing of Mid-Project Expenditure Reports, Compliance Reports, Final Expenditure Reports, and Revised Final Expenditure Reports, as applicable with the Director of Special Projects; and

- Certifying that all expenses are true and correct.

2.4 CFO Responsibilities: The CFO is responsible for maintaining financial records related to grant funds and for monitoring receipt and disbursement of funds, with the assistance of the Director of Special Projects, who will perform duties as follows:

2.4.1. Maintaining Grant Electronic Binders: On an annual basis, the Director of Special Projects shall ensure that the following items are maintained in each grant binder:

- Grant Application,
- Notice of Grant Award,
- Contracts (if any),
- Reports submitted under the grant (comparability, compliance, etc.),
- Important correspondences regarding the grant,
- End of Year (EOY): Last Amendment (if any),
- EOY: Time and Effort sheets,
- EOY: Budget working sheet,
- EOY: List of payroll positions,
- EOY: Final expenditure report, detailed general ledger, and
- EOY: CIP Budgets etc.

2.4.2. Beginning-of-Year Procedures: Beginning-of-year procedures include:

- Coordinating and preparing grant application along with the Director of Special Projects;
- Approving the pre-award cost application;
- Preparing finance software (code creation, caps/thresholds, budget upload, payroll status for grant-funded employees);
- Saving electronic copies of all grant applications, amendments, and notices of grant awards.

2.4.3. Ongoing Procedures: On an ongoing basis, the Director of Special Projects shall:

- Amend grant budgets to account for carry-over, reaching maximum entitlement, or a reallocation of funds;
- Amend grant budgets in conjunction with TEA if expenditures exceed the budget for a major object code by 25%;
- Review vendor transactions, expenditure coding, and coordinating reclassifications when necessary;
- Review purchase orders as necessary;
- Review actuals monthly and amending the budget (in draft) as needed;
- Coordinate bidding/procurement with Purchasing Department as necessary;
- Update the budget tracking sheet, determining “to-do” items, and marking as “done” by the end of the period; and
- Send brief reports to campus personnel as needed.

2.4.4. End-of-Year Procedures: At the end of each fiscal year, the CFO shall receive the final budget and upload it to accounting software (indicating any carry-over amounts, whether the max entitlement has been reached or exceeded, etc.).

2.4.5. CFO and Director of Special Projects Responsibilities: The Director of Special Projects and CFO are responsible for preparing and maintaining all grant budgets and uploading those budgets to Richard Milburn Academy accounting software. The Director of Special Projects and CFO will also approve all journal entries related to payroll adjustments and review the payroll status of all grant-funded employees prior to each monthly payroll. The Director of Special Projects and CFO will also review the draft expenditure report for each budget and finalize the draw-down of all grant funds. The following guidelines apply with regards to grants:

- Maintain, but do not create, any purchase orders, and document if there is a major update to a purchase order;
- Obtain applicable signatures of authorized personnel for reclassifications involving grants (*e.g.*, JE Authorization Form);
- Use “credit memo and bill pay” for grant-related reclassifications so that the expenditures show up on the vendor reports;
- Be aware of expected grant receivables (due from the previous year) and code them correctly in the accounting software;
- Obtain applicable approvals before performing year-end adjustments (*e.g.*, accounting for revenue due from the state);
- Recognize the revenues drawn down and code to the right account in the accounting software;
- In coordination with the grants department, calculate the revenue due from TEA or the federal government and post the amount to the ledgers accordingly;

2.4.6 Chief Financial Officer Responsibilities: The following guidelines apply to CFO with regards to grants:

- Code all grant-related invoices to a grant department approved purchase order (as indicated by the purchase order’s signature page);
- Maintain, but do not create, any purchase orders, and inform the Director of Special Projects if there is a major update to a purchase order;
- Watch for grant-allowable expenditures and notify the campus’s CFO if a proper purchase order was not created;
- Direct all grant-related issues to the Director of Special Projects;
- Ensure that all services indicated by an invoice have been received (*i.e.*, that the invoice contains a stamp and 2 signatures);
- Ensure there is an approved purchase order for each invoice; and
- Maintain knowledge of each grant and inform campus administrators of any changes.

Section 3: General Provisions Regarding Federal Grants

- 3.1.1. **General Compliance**: Richard Milburn Academy shall comply with all General Provisions of EDGAR, (2 C.F.R. § 200 (Subpart B)). Specific areas of compliance are noted below.
- 3.1.2. **Conflicts of Interest**: Richard Milburn Academy has established a conflict of interest policy for all federal grant awards and shall disclose in writing any potential conflict of interest to the granting agency. (2 C.F.R. § 200.112) Richard Milburn Academy shall also comply with all additional conflict of interest requirements required by the federal granting agency and/or the pass-through entity (TEA).
- 3.1.3. **Reporting Violations of Law**: Richard Milburn Academy shall disclose in writing to the granting agency and/or pass-through entities any violations of federal criminal law including fraud, bribery or gratuity violations affecting a federal grant award. (2 C.F.R. § 200.113). Upon detection of any fraud, abuse or waste with federal grant funds, Richard Milburn Academy shall promptly notify the proper legal authorities and pursue appropriate criminal and/or civil actions. In addition, Richard Milburn Academy shall report to the granting agency and pass-through entity, the extent of the fraud or violations. In addition, Richard Milburn Academy shall reclassify fraudulent expenditures made with federal grant awards to local district funds, *i.e.*, the General Fund. The Superintendent and/or CFO shall be responsible for overseeing, reporting and documenting any fraud, abuse or waste of federal grant funds.

If the total value of Richard Milburn Academy currently active grants, cooperative agreements, and procurement contracts from all Federal awarding agencies exceeds \$10,000,000 for any period of time, Richard Milburn Academy must report to the System for Award Management (SAM) certain information about civil, criminal, or administrative proceedings in connection with the award or performance of a grant, cooperative agreement, or procurement contract from the federal government that reached final disposition during the most recent five-year period. (2 C.F.R. 113 and Appendix XII). Specifically, Richard Milburn Academy must report:

- criminal proceedings that resulted in a conviction (including a plea of nolo contendere), civil proceedings that resulted in a finding of fault and liability and payment of a monetary fine, penalty, reimbursement, restitution, or damages of \$5,000 or more,
 - administrative proceedings that resulted in a finding of fault and liability and a payment of either a monetary fine or penalty of \$5,000 or more or reimbursement, restitution, or damages in excess of \$100,000, or
 - any other criminal, civil, or administrative proceeding if:
 - it could have led to an outcome described in 1), 2), or 3) above;
 - it had a different disposition arrived at by consent or compromise (e.g., a settlement agreement);
 - the disposition included an acknowledgment of fault by Richard Milburn Academy; or
 - disclosing information about this proceeding does not conflict with any applicable laws or regulations.
- 3.1.4. **Limitations on Gifts or Tokens**: All Richard Milburn Academy employees are prohibited from soliciting gifts, tokens, or anything of monetary value from vendors or other parties who are affected by (or have an interest in) a federal grant award. (2 C.F.R. § 200.318). In addition, all Richard Milburn Academy employees are prohibited from accepting unsolicited gifts or tokens from vendors or other parties who are affected by (or have an interest in) a federal grant award that exceeds a nominal value. *Id.* Under no circumstances shall a Richard Milburn Academy employee accept illegal items or items prohibited at Richard Milburn Academy elementary and secondary schools, such as firearms, drugs, or tobacco or alcohol products. Richard Milburn

Academy employees who violate this administrative directive shall be subject to disciplinary action, up to and including termination of employment with Richard Milburn Academy. Violations that exceed the conflict of interest thresholds shall be reported to the federal granting agency and/or pass-through entity by the CFO.

- 3.2. Pre-Federal Award Requirements:** Because the federal awarding agency and pass-through agencies are required to evaluate Richard Milburn Academy risk with respect to financial stability, management system quality, history of grant performance, audit reports, and ability to effectively implement the grant program.

To comply with this requirement, the Federal Fiscal Monitoring Division at TEA conducts an annual risk assessment of all subrecipients, including local educational agencies, to determine their potential risk of noncompliance. Based upon the outcome of the risk assessment, subrecipients are assigned a risk level of low, medium, or high.

The division updates the risk assessment model annually to ensure that risk indicators and weights reflect current risks, such as economic conditions; political conditions; regulatory changes; unreliable information; financial problems that could lead to diversion of grant funds; loss of essential personnel; loss of accreditation; rapid growth; new activities, products, or services; and organizational restructuring.

The risk assessment criteria include indicators and weights derived from multiple sources. Each subrecipient is allotted points based upon these criteria, and assigned a risk level of high, medium, or low based on the total number of points allotted.

The current TEA criteria to determine the risk level is available on the TEA website at: [Annual Federal Fiscal Risk Assessment | Texas Education Agency](#).

The effects of the district's risk level determined by TEA may impact the districts in the following ways:

- *Differentiated Grant Negotiation.* TEA uses a differentiated grant negotiation process for federal grant applications. Organizations with a medium or high risk level are subject to a more stringent grant negotiation review than those with a low risk level.
- *Subrecipient Monitoring.* Each year, TEA selects subrecipients for fiscal monitoring, according to their risk levels. The higher your organization's risk level, the more likely you are to be selected for monitoring.

The Director of Special Projects shall obtain the district's risk assessment level by accessing the GFFC Reports and Data Collections secure application on an annual basis.

Richard Milburn Academy shall implement strategies to ensure that its risk level for federal grants management is determined to be "low." These strategies include:

- Timely submission of all required programmatic and financial reports
- Complying with the federal grant award fiscal guidelines and allowable cost principles
- Ensuring that all grant-related staff are properly trained in their respective grants management role on at least an annual basis.
- Implementing grant management procedures and internal controls
- Timely and consistent submission of reimbursement requests as an indication that the district is

regularly spending the federal grant funds to conduct approved grant activities

- Developing and implementing district policies and procedures for all critical business functions
- Developing and implementing grant management procedures and internal controls

If Richard Milburn Academy is determined to be a “high risk” district, it shall comply with all of the additional requirements as imposed by the federal granting agency and/or pass-through entity. In addition, Richard Milburn Academy shall develop and implement strategies to correct the identified deficiencies in an effort to move to a “low risk” entity status.

- 3.2.1. Pre-Award Expenses:** No pre-award expenses, for applicable grants, shall be made by Richard Milburn Academy prior to the approval of the federal granting agency or the pass-through entity. Non-authorized pre-award expenses, if any, shall be paid from non-grant funds (*e.g.*, the General Fund). Further, no federal grant funds shall be budgeted, encumbered, or spent until either of the following has occurred: (1) the grant has been approved by the granting agency and a Notice of Grant Award (NOGA) has been issued to Richard Milburn Academy; or (2) the entitlement grant funds have been received by Richard Milburn Academy and the grant application has been submitted to TEA.

Section 4: Grant Application Process

- 4.1.1. **Overview:** Richard Milburn Academy may be eligible to apply for “entitlement” or “competitive” federal grant funds.
- 4.1.2. **Entitlement Grants:** Federal entitlement grant funds include, but are not limited to, Every Student Succeeds Act (ESSA), Individuals with Disabilities Education Act (IDEA), and Carl D. Perkins. The “maximum” and/or “final” entitlement awards for Richard Milburn Academy are posted on the TEA Grants Management webpage at: <http://tea.texas.gov/index4.aspx?id=5040>. The Director of Special Projects shall obtain the annual entitlement amounts and begin the grant development process with the appropriate departments and administrators.
- 4.1.3. **Competitive Grants:** A list of competitive grants administered by the TEA are also posted on the TEA Grants Management webpage. The Director of Special Projects shall obtain the competitive grant information to determine whether the grant is appropriate for Richard Milburn Academy. Some competitive grants may have matching-funds and/or in-kind payment requirements that may place a burden on Richard Milburn Academy available financial resources. TEA’s Grant Opportunities webpage provides information related to available grants such as:
- General and Fiscal Guidelines;
 - Program Guidelines;
 - Program-Specific Provisions and Assurances;
 - General Provisions and Assurances;
 - Debarment and Suspension Certification;
 - Lobbying Certification;
 - Sample Application; and
 - Deadlines and Due Dates for a grant application, amendments and grant reporting.
- All staff involved in the management of federal grant awards shall be aware of these resources.

4.2 **Grant Application Development and Approval:** The Director of Special Projects originates all grant applications and all grant applications that support student instruction will be developed in collaboration with the respective campus principals, stakeholder committees, and superintendent (see Exhibit C). The notice of intent to participate in a federal grant is provided to the school community on a posted agenda and during the open portion of the scheduled school board meeting. Members of the public are invited to make comment to the board as outlined in Federal and State Grants Management Procedures. Additional public comment may be solicited by:

- Website postings and announcements, surveys sent out to stakeholders, student surveys, campus-based meetings, focus-group meetings, community group meetings or small group meetings.
- Website posting a summary of the grants with anticipated amounts and proposed expenditures to the district website by the end of the current school year and indicate a draft application is available for review upon request. The posted summary will suffice as the sole solicitation for public comment.

Specific grant activities to support the academic program at a campus/District will be reflected in the Campus Improvement Plan or District Improvement Plan. The Superintendent has final approval authority for each grant application.

4.3 **Collaboration with the Finance Department:** The Director of Special Projects shall work collaboratively with the Finance Department to ensure that all grant budget schedules are completed using the correct account code structure (as appropriate); Richard Milburn Academy purchasing, travel and other procedures; and are adequately documented if prior approval is required by the granting agency or pass-through entity.

Section 5: General Provisions and Assurances Regarding TEA-Administered Grants

5.1. **In General**: This section applies to all grants administered by TEA. Additional provisions and assurances may apply to specific grants. The Grants Management Department shall inform all staff involved in the expenditure of grant funds of the provisions and assurances for each grant program, as appropriate.

5.2. **Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion**: Richard Milburn Academy must not award a contract to a vendor which is debarred or suspended or is otherwise excluded from or ineligible for participation in federal grant award programs. (2 C.F.R. 200 Appendix II, Section (h)) Therefore, the Purchasing Department and/or Finance Department shall verify the eligibility of each vendor with this certification requirement by requesting that the vendor execute a Certification Form before awarding a contract. A copy of the Certification Form shall be maintained with the contract for audit purposes.

The Finance Department shall also monitor ongoing contracts to verify the contractor's compliance with the debarment, suspension, ineligibility, and voluntary exclusion provisions. If a vendor is suspended or debarred during a contract, Richard Milburn Academy shall continue the contract in force until the contract lapses. The contract term shall not include any extensions to the original term of the contract.

5.3. **Lobbying Certification**: Richard Milburn Academy shall not use any grant funds for lobbying purposes.

Section 6: Cost Principles

- 6.1. Guiding Principles:** All grant expenditures must be allowable under the Federal Cost Principles (2 C.F.R. § 200 – Subpart E), the grant application program assurances, the granting agency’s policies, and Richard Milburn Academy policies and procedures. In addition, the costs must be reasonable (*i.e.*, of such a nature and amount that does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost) and necessary to carry out the grant activities. Moreover, the costs must:
- Be allocable to federal awards;
 - Be authorized or not prohibited under state or local laws or regulations;
 - Conform to any limitations or exclusions set forth in federal laws, terms, and conditions of the federal award, or other governing regulations as to types or amounts of cost items;
 - Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit;
 - Be accorded consistent treatment (*e.g.*, the cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the federal award as an indirect cost);
 - Except as otherwise provided for in EDGAR, be determined in accordance with generally accepted accounting principles;
 - Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation;
 - Be the net of all applicable credits; and
 - Be adequately documented.
- 6.1.1. Allowable Costs:** All expenditures with federal grant funds, whether direct or indirect, shall meet the minimum requirements for allowable costs as specified in 2 C.F.R. § 200.403. In addition, the expenditures must meet the general provisions for selected items of cost (2 C.F.R. § 200.420). Specific items not listed in these procedures shall be evaluated by the Director of Special Projects and Finance Department on a case-by-case basis. The general rules regarding specific allowable expenditures listed within these procedures shall apply to all federal grant funds unless a particular federal grant award contains more restrictive measures. Richard Milburn Academy shall adhere to the more restrictive rules for allowable costs when a conflict arises between the general expenditure rules, the program-specific expenditure rules and Richard Milburn Academy expenditure rules.
- 6.1.2. Process for determining Allowable Cost:** All expenditure requisitions using federal grant funds are reviewed by Director of Special Projects through the purchasing approval queue in the district’s financial software system to ensure costs are allowable. Requisitions may be returned to the initiator for further clarification, additional information, or reclassification to another fund source, if allowable. Dependent upon the amount of the expenditures, approved requisitions may move to the next higher level of authority including the Chief Financial Officer and Superintendent.
- 6.1.3. Allocable Costs:** A cost is allocable to a grant if (1) it is incurred solely to benefit the grant program, (2) it benefits both the grant program and other work of the institution in proportions that can be approximated through the use of reasonable methods, or (3) it is necessary to the overall operation of the institution and, in light of the principles provided in the grant’s rules and regulations, is deemed to be assignable in part to sponsored projects. If a cost is not allocable to a particular grant, Richard Milburn Academy shall not use grant funds to make obligation/expenditure. C.F.R. § 200.405

6.2. Direct and Indirect Costs: All allowable direct and indirect costs allocated to the grant, minus any applicable credits, constitute the total costs.

6.2.1. Direct Costs: Direct costs are any costs that can be specifically identified with an item of expense, such as those identified in the Financial Accounting and Reporting (FAR) Expenditures/Expense Control Accounts. (C.F.R § 200.413) Examples of direct costs include:

- Costs for personnel who supervise the activities of program staff, or any direct costs for personnel who perform fiscal and reporting activities related to the grant;
- Costs for contracted services associated with the administration of the program;
- Costs for supplies and materials requested for administrative use;
- Other operating costs requested for administrative purposes; and
- Equipment requested for administrative purposes.

6.2.2. Indirect Costs: Indirect Costs are costs incurred that are common by nature and benefit more than one grant program or project. (C.F.R. § 200.414) Indirect Costs include:

- Costs of operating and maintaining facilities;
- General administration and general expenses, such as budgeting, accounting, human resources, legal, and purchasing;
- Centralized services, such as motor pools and information systems; and
- Personnel and accounting administration.

Richard Milburn Academy will follow the TEA-approved restricted indirect cost rate where applicable and shall also annually complete the TEA's "Request for an Indirect Cost Rate for Charter Schools" to receive direct and indirect cost rates for the upcoming school year. Computation of indirect costs is subject to audit.

6.3. Total Cost: The total cost of a federal award is the sum of allowable direct and allocable indirect costs less any applicable credits. All refunds, rebates, discounts or other credits to grant expenditures shall be posted to the finance general ledger as soon as the credit is known. Richard Milburn Academy shall ensure that all known credits have been posted to the general ledger prior to the drawdown on federal grant reimbursements. [Note: It is essential to post all credits to the general ledger on a timely basis to ensure that Richard Milburn Academy does not draw-down grant expenditures in excess of actual expenditures net of all credits. Otherwise, Richard Milburn Academy may be considered to have drawn-down funds under an advanced cash method.] The CFO shall ensure that all applicable credits have been posted to the general ledger prior to preparing and submitting a federal grant draw-down request from the granting or pass-through entity.

6.4. Limitations on Administrative Costs: Grant rules may limit the number of funds that may be expended to administer the program for any given year. "Administrative funds" include both direct costs and indirect costs and must be requested in the grant application on the appropriate budget schedule. The following table compares direct and indirect administrative costs:

Administrative Cost	Definition	Typical Usage
Direct	A cost that can be identified specifically with a particular cost objective, such as a grant, project, service or other activity of an organization.	Costs for personnel who supervise the activities of program staff, or any direct costs for personnel who perform fiscal and reporting activities related to the grant; costs for contracted services associated with the administration of the program; costs for supplies and materials requested for administrative use; other operating costs requested for administrative purposes; and equipment requested for administrative purposes.
Indirect	A cost that has been incurred for common, joint or multiple objectives of an organization that cannot be readily identified with any one particular cost objective.	Costs of operating and maintaining facilities; general administration and general expenses, such as budgeting, accounting, human resources, legal, and purchasing. Centralized services, such as motor pools and information systems; and personnel and accounting administration.

- 6.5. Unallowable Costs:** An unallowable cost is any cost that cannot be charged to the grant regardless of whether the cost is treated as direct or indirect. Keep in mind that costs listed as allowable under general federal regulations may not actually be allowable under the terms and conditions of a grant program. Moreover, grant programs are intended for specific purposes. Costs may be allowable provided they are necessary and reasonable to the success of the grant program, but, although a cost may be identified as “allowable” in the cost principles, this does not guarantee that the granting agency will support the use of grant funds for a particular purpose. Therefore, certain costs that might ordinarily be allowable may be negotiated out of the application, and any cost deemed unallowable will be removed from the grant fund and allocated to the current fiscal year state fund budget. All Richard Milburn Academy employees dealing with grants are instructed to read the grant agreement thoroughly to verify allowable costs and to contact the Director of Special Projects or refer to 2 C.F.R. Part 200 for additional assistance.
- 6.6. TEA’s Guidelines Related to Specific Costs:** Richard Milburn Academy shall adhere to TEA’s Guidelines Related to Specific Costs as published on TEA’s website. A copy of the guidelines shall be made available to all staff with authority to initiate and/or authorize a purchase or expenditure with federal grant funds. In addition, all staff with authority to initiate and/or authorize a purchase or expenditure, such as bookkeepers, administrators, business office staff, and grant department staff, shall receive a copy of the latest guidelines. The guidelines shall be incorporated in the annual training for all appropriate staff members.
- 6.7. Expending Grant Funds:** Grant funds must be expended in accordance with the approved budget in the grant application and in accordance with the applicable cost principles. The CFO and/or Grants Manager shall ensure that Richard Milburn Academy consults the appropriate rules and regulations (2 C.F.R. Part 200) prior to expending funds to determine what costs are allowable.
- 6.7.1. Travel Costs.** Allowable travel costs are the expenses for transportation, lodging, subsistence, and

related items incurred by employees who are traveling on Richard Milburn Academy official business. (2 C.F.R. § 200.475) Richard Milburn Academy will not reimburse dependent care expenses incurred by employees who are engaged in district approved travel. In determining the reimbursement amount for travel costs, the guidelines set forth in Richard Milburn Academy Finance Procedures Manual will be adhered to, so that Richard Milburn Academy policies with regards to federal funds and non-federal funds are consistent.

- 6.7.2. Reasonableness of Costs:** Costs incurred by Richard Milburn Academy employees and officers for travel, including costs of lodging, subsistence, and other incidental expenses, will only be reimbursed with federal funds to the extent they are reasonable and otherwise allowable under Richard Milburn Academy travel reimbursement guidelines for non-federal funds. (2 C.F.R. § 200.475(b)).
- 6.7.3. Documentation Required:** From all costs charged directly to a Federal award, Richard Milburn Academy will maintain documentation demonstrating that 1) the individual's travel is necessary to the federal award, and 2) the costs are reasonable and consistent with Richard Milburn Academy Finance Procedures Manual. (2 C.F.R. § 200.475(b)).
- 6.7.4. Commercial Air Travel Specifics:** No Richard Milburn Academy officer or employee shall incur airfare costs in excess of the basic least expensive unrestricted accommodations class offered by commercial airlines except when such accommodations would: 1) require circuitous routing, 2) require travel during unreasonable hours; 3) excessively prolong travel; result in additional costs that would offset the transportation savings; or 5) offer accommodations not reasonably adequate for the traveler's documented medical needs. (2 C.F.R. § 200.475(e)).
- 6.7.5. Obligation of Funds:** All allowable grant expenditures shall be incurred during the grant period, *i.e.*, begin date and end date of the federal grant award as designated on the Notice of Grant Award ("NOGA"). The Director of Special Projects shall notify the appropriate departments, such as Purchasing, Human Resources, Finance, Payroll, etc. of the grant periods for each federal grant award to ensure compliance as noted below:
- No employee shall be hired and paid from federal grant funds except during the grant period
 - No purchase obligation shall be made from federal grant funds except during the grant period
 - No payroll or non-payroll expenditures shall be made from federal grant funds except during the federal grant period.
- 6.7.6. Credit Card/Debit/Gift Card/Procurement Card Purchases with Grant Funds:** Richard Milburn Academy will not use district-issued credit cards, debit cards, or procurement cards to make purchases with federal grant funds. The district shall not reimburse any purchases made with a non-district credit card, except for travel-related expenditures, as appropriate. Fraudulent credit card purchases made with federal grant funds 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. Accidental use of a credit card to make an unauthorized purchase may be subject to similar disciplinary action but shall require immediate (within 2 days from date of discovery) restitution to the district. (The fraudulent or accidental charges may not be charged to a federal grant fund, nor drawn-down as expenditures. Federal funds will not be used to purchase gift cards. Gift cards are considered personal income for the recipient. Purchase orders to buy gift cards will not be approved.
- 6.9.1. Expenditure Timing:** Grant funds may not be obligated before the starting date of the grant. An obligation occurs depending upon the nature of the expenditure, as follows:
- Services by an employee: when the services are performed by the employee;
 - Services by a contractor: the date of a binding written commitment, such as a contract or other written agreement, to obtain services from the contractor;

- Utility services: when the services are received;
- Travel: when the travel is actually taken;
- Rental or lease of property: when the property is actually used or occupied;
- Real or personal property (including the purchase of supplies and equipment): the date of a binding written commitment, such as a purchase order, invoice, or receipt, to acquire the property.

6.9.2. Year-End Final Purchases: All grant entitlements must be spent in a timely manner so that students will benefit from them during the grant period. Therefore, it is preferable for campuses, districts, or central office departments to spend or encumber all of the grant funds by the end of the first semester of the school year. To the extent possible, purchases over the summer break (*i.e.*, towards the end of the fiscal year) should be avoided.

6.10. Advance Payment of Funds: Richard Milburn Academy has determined that it will not accept advanced payments for federal grant funds under the cash advance program guidelines (*i.e.*, prior to the delivery of the payment to the payee, but within three days of the disbursement). Due to the federal requirements imposed on advanced payments, Richard Milburn Academy shall ensure that the advanced funds are maintained and tracked separately, even if not in a separate bank account. Richard Milburn Academy shall ensure that the advanced grant funds are deposited in an insured and interest-bearing account unless the aggregate federal awards are less than \$120,000 or the bank account is not expected to earn more than \$500 interest in a year. (2 C.F.R. § 200.305(b)(8)). Interest earned on the advanced funds, if any, shall be recorded on the general ledger in the appropriate revenue code. If the interest revenue for any particular federal grant is less than or equal to \$500 per year, Richard Milburn Academy shall retain the interest revenue to offset administrative costs. (2 C.F.R. § 200.305(b)(9)). All interest revenue in excess of \$500 shall be returned to the federal granting agency. *Id.* Periodic expenditure reports shall be filed to request payment for expenditures already incurred by the Richard Milburn Academy or expenditures that will incur within three working days of receiving payment from the TEA. The CFO shall ensure that all bills, including payroll and related tax withholding, shall be paid by Richard Milburn Academy within three working days from when such funds are deposited in Richard Milburn Academy bank account.

6.11. Campus Improvement Plan (CIP) and District Improvement Plan (DIP): The Director of Special Projects shall ensure that Federal fund expenditures are aligned to the campus improvement plan and district improvement plan. The Campus Principal shall conduct an annual comprehensive needs assessment that will inform the drafting of the CIP for funds with campus-level control; the Superintendent shall conduct an annual comprehensive needs assessment that will inform the drafting of the DIP for funds maintained at the district level. Each federal fund shall be planned collaboratively by a committee of appropriate stakeholders. Meetings for each fund will be documented by sign in attendance sheets, agendas, and meeting minutes or notes. Both CIP and DIP shall be aligned to the needs assessment and shall only address needs that can be met with current funding levels. New goals shall be added as new money is identified.

6.12. Program Income: Richard Milburn Academy will not generate any program income earned through a federal grant program.

Section 7: Financial Management and Accounting

- 7.1.1 Overview:** Richard Milburn Academy financial management system will contain information pertaining to all federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. All expenditures of federal grant funds shall be in accordance with Richard Milburn Academy written procedures such as cash management, accounts payable, purchasing, travel, allowable costs, capital asset tracking, contract management, and other procedures, as appropriate. Richard Milburn Academy understands that failure to establish and maintain a proper financial management system could result in the return of funds to the granting agency and/or the termination of the grant.
- 7.1.2 Accounting Standards:** Richard Milburn Academy must comply with all requirements of federal grant awards including the provisions of the Federal Funding Accountability and Transparency Act (FFATA) and the Financial Assistance Use of Universal Identifier and Central Contractor Registration (CCR), as well as all other laws, regulations, and policies.
- 7.1.3 Financial Management Responsibilities:** The major financial management responsibilities regarding grants include:
- maintaining accounting records;
 - allocating costs to projects;
 - documenting time and attendance (*i.e.*, Personnel Activity Report);
 - generating and maintaining financial reports;
 - making grant payments;
 - monitoring program income; and
 - performing required audits.
- 7.1.4 Monitoring Requirements:** The Director of Special Projects and/or CFO shall review the status of each federal grant funds on a quarterly basis. The review shall include a comparison of budgeted funds to expenditures. The Director of Special Projects and/or CFO shall use the review to produce quarterly financial statements regarding each grant fund.
- 7.1.5 Required Documentation:** The CFO shall maintain adequate documentation to support charges to all grant funds. Grant accounting shall include the details of all grant transactions from the approval of the proposed grant to any final action by the grantee and Richard Milburn Academy. Richard Milburn Academy shall follow the conditions of the grant (listed in 1.1.3 of FASRG) that includes, but is not limited to: (1) spending funds in accordance with the terms and approved budget of the grant, (2) returning unused balances of grant funds, even if only one cent of cash on hand remains unexpended; (3) establishing property records of grant-acquired property, if so indicated; and (4) providing reports at given intervals.
- 7.1.6 Accounting Standards:** Richard Milburn Academy will comply with the accounting requirements established in FASRG. Grant costs must be planned, controlled and reported in accordance with the grant agreement and with FASRG, and Richard Milburn Academy must be capable of providing the financial information required by the grant agreement. The CFO shall ensure that Richard Milburn Academy accounting system at all times complies with generally accepted accounting principles.
- 7.1.7 Internal Controls:** Richard Milburn Academy shall institute the following internal controls as part of its obligation to continually self-assess its compliance with applicable regulations and guidelines. The CFO shall periodically test the controls in place for efficiency and successfulness and correct any deficiencies that may be detected. The CFO will review these internal control procedures on at least an annual basis and update them as necessary. If any weakness in internal control is detected, the internal control procedures shall be revised to eliminate the weakness or

weaknesses at either the annual review or as the need arises dependent upon the severity (materiality) of the weakness. 2 C.F.R. § 200.303

- 7.1.8 Cash Management Requirements:** When Richard Milburn Academy is reimbursed for expenditures, Richard Milburn Academy must pay the costs before requesting reimbursement from TEA. When TEA advances funds to Richard Milburn Academy, both TEA and Richard Milburn Academy must follow procedures to minimize the time elapsing between the transfer of funds from TEA and the disbursement of funds by Richard Milburn Academy. Requests for advances will be considered on a case-by-case basis. (2C.F.R. § 200.302 (b)(6) and C.F.R. § 200.305)
- 7.1.9 Supporting Documentation:** Richard Milburn Academy shall maintain supporting or source documents as necessary to support all transactions entered into Richard Milburn Academy record keeping system. Source documents that authorize the disbursement of grant funds consist of purchase orders, contracts, time and effort records, delivery receipts, vendor invoices, travel documentation, and payment documents, including check stubs.
- 7.1.10 Audit Trail:** Richard Milburn Academy shall organize, summarize and maintain financial transactions in a manner that provides sufficient information to produce detailed financial statements. The audit trail should allow an auditor to trace financial statement balances through the general ledger and other summary journals to each detailed accounting transaction and supporting source documentation.
- 7.1.11 Records Retention:** Richard Milburn Academy shall retain all records pertaining to grants for a period of seven (7) years from the grant start date. These records shall include, but are not limited to, grant applications, budgets, budget amendments, purchases of goods and services, payroll records, journal entries reflecting adjustments and amendments, program and fiscal reports, and draw-down requests. Files less than three years old shall be kept in hard or soft copy at Richard Milburn Academy Central Office. Files older than three years shall be archived and may be housed at an offsite facility. The Grant Administrator and Director of Special Projects are responsible for ensuring that grant records are filed, inventoried, and archived in an appropriate manner. Records may be disposed of after seven (7) years.
- 7.1.12 TEA Reporting:** Although the business office records are the official grant fiscal accounting documents, the CFO will establish a financial accounting system to record expenditures and receive grant payments. This will ensure that budgeted line items are classified correctly according to the FASRG. Additionally, the CFO will ensure that all reporting requirements for grant programs are met within the established timelines. The Director of Special Projects is ultimately responsible for filing all required reports, although several reports will require collaboration between the Finance Department, Academic Department, and the Human Resources Department.
- 7.1.13 Reconciliation and Reports:** The CFO and business office shall ensure that all grant accounting records are compared and reconciled with the business office accounting records on a regular basis and that procedures for data collection and maintenance and expenditure, progress, and evaluation reporting are in place. The CFO, in coordination with the business office, will also ensure that the following reports are filed as necessary: (1) Mid-Project Expenditure Reports; (2) Final Expenditure Report; and (3) Revised Final Expenditure Report.
- 7.1.14 Additional Reports:** In addition to mid-project, final, and revised final reporting, cash flow is sustained through monthly draw-downs of reimbursable expenditures. Statements of revenue and expenditures, as well as expanded general ledgers, should be used for reconciliation and backup documentation for reimbursement requests. The CFO is responsible for ensuring accurate and timely requests for reimbursements. The procedure is handled both by hard copy (billings) and electronic methods (TEA ER access). The CFO or designee must approve any such requests before

the actual draw-down occurs. Upon obtaining this approval, the Grant Administrator will submit the draw-down request.

7.1.15 Monitoring Requirements: TEA monitors Richard Milburn Academy grant-related expenditures and activities to ensure that Richard Milburn Academy is in compliance with all applicable laws, regulations, rules, and the grant application, and to verify that Richard Milburn Academy is on schedule regarding the project goals, objectives, and timelines established in the application. In preparation for these monitoring visits, the Director of Special Projects and other grant-affiliated employees should practice the following strategies:

- On an ongoing basis, monitor the grant program for potential amendments necessary to ensure the success of the project, file any necessary amendments, and consult regularly with the TEA program office regarding significant changes to the grant program;
- Utilize the TEA monitoring instrument as a self-assessment checklist for the administration of the grant (available from TEA's Division of Grants Administration and from the Division of Grants Administration website); and
- Keep all documents and records readily available and organized in advance of the monitoring team's arrival.

7.1.16 Monitoring Visit Production: Prior to any monitoring visit by TEA, Richard Milburn Academy will be notified and sent the monitoring instrument that may be used as a checklist in preparation for the visit. Examples of the types of documents that may be requested for review include:

- Local written policy documents;
- Payroll records, including Personnel Activity Report records, the payroll ledger, and payroll policies and procedures;
- Financial records, including purchase orders, expenditure reports, Web ER/IVR printouts, invoices, accounting journals, and purchased materials;
- Travel records, travel receipts, travel vouchers, and exact mileage log;
- Approved contracts and amendments;
- Planning documents, training logs, sign-in sheets, service activities, and meeting agendas;
- Program activities, campus improvement plans, and district plans as applicable;
- Student enrollment data, participant data, and evaluation data as applicable; and
- Any other records, reports, data, etc. pertaining to the project.

7.1.17 Grant Budgets: The CFO is responsible for creating grant budgets at the beginning of each fiscal year. These budgets shall utilize the appropriate fund codes required by the FASRG or the "Budget Summary" (usually Schedule 3) included in most grant applications. These budgets shall also incorporate the Budget Schedules (generally Schedules 3B-3G), which identify the specific line items requested and approved in a grant application. All grant expenditures must be made in accordance with the approved budget, and expenditures shall correspond with the budgeted account codes. Additionally, expenditures shall be tracked in enough detail to allow Richard Milburn Academy, any independent auditors, and TEA or other grant monitor to compare the actual expenditures to budgeted expenditures. Federal grant funds shall be budgeted and available for use immediately after receipt of the NOGA or from the stamp-in date.

7.1.18 Budget Amendments: Richard Milburn Academy is permitted, in some cases, to re-budget within the approved direct cost budget categories (as established on the Budget Summary Schedule) to meet unanticipated requirements and to make certain changes to the approved budget without a written amendment. Amendments must be prepared and submitted to TEA in advance of incurring obligations/expenditures if: 1) a line item change exceeded 25 percent of the total grant budget, 2) the expenditure results in an increase or decrease in the number and composition of

the positions funded, 3) the amendment is to a classification of an amount to a line item that was not previously budgeted, 4) the amendment results in an increase or decrease in the budgeted capital outlays. The Director of Special Projects shall monitor the need for amendments at least quarterly throughout the grant period. If an amendment is necessary for any of the reasons specified by the pass-through entity (TEA) or in federal regulations, the Director of Special Projects shall initiate the amendment process and collaborate with the Budget Accountant prior to submission of the grant amendment. The approval process for a grant amendment shall be the same as the grant application process.

7.1.19 Scope of Grant Still Applies: Regardless of how Richard Milburn Academy distributes grant funds among class/object codes, Richard Milburn Academy is still responsible for carrying out the scope and objectives of the grant as described in the approved application.

7.1.20 Complying with Maximum/Minimum Expenditures: Regardless of whether or not an amendment is required, Richard Milburn Academy must comply with any requirements for maximum and/or minimum expenditures for certain categories or activities. For example, if the grant requires that no more than 25% of the funds be used for a certain activity, such as planning, Richard Milburn Academy must comply with this 25% maximum requirement. Any Richard Milburn Academy employees involved in grants management shall consult the instructions and requirements of the applicable grant program to ensure that the appropriate conditions are followed.

Section 8: Drawing Down Grant Funds

8.1. Drawing Down Grant Expenditures: Director of Special Projects and CFO shall perform the following procedures to draw down grant expenditures:

- On a monthly basis, the Director of Special Projects and CFO will: (1) review all grant expenditures to ensure that the expenditures are allowed under the terms of the grant; (2) ensure that the ledger date on all corrections is the same as the actual date (whether JE or credit memo & bill pay); (3) save the year-to-date "general ledger" (both hard copy and soft copy); (4) update the local budget tracking (district sheet draw-down amount) spreadsheet and inform the District Finance Managers through email; (5) prepare the draft expenditure report in the TEAL account; and (6) correct possible coding mistakes.
- On a monthly basis, the CFO will request reimbursement of grant expenditures from TEA or other federal awarding agency.
- On a monthly basis, the Director of Special Projects and CFO will review the draft expenditure report (initial and date) and finalize the draw-down, ensuring that the draw-down complies with any grant-specific limitations on the draw-down amount. The general ledger report is generated from the Finance Software System.
- At the end of each fiscal year, the CFO shall ensure that all revenues not drawn down during previous year (*i.e.*, receivables) are drawn down and coded correctly by the District Finance Managers and shall also ensure and note that all expenditures are drawn down on the final expenditure report.
- The CFO designee shall file periodic and final expenditure reports with the TEA using the Expenditure Report system through the TEA Secure Environment. The CFO or designee shall determine the frequency for filing periodic reports. A final expenditure report shall be filed in accordance with the applicable schedule for the corresponding grant application.

8.2. Certification of Draw-Downs: Federal regulations (2 C.F.R § 200.415) require that Richard Milburn Academy certify the accuracy of the annual and fiscal reports or vouchers requesting payments be signed by the authorized individual(s). The CFO or designee shall certify every draw-down of funds, including the final expenditure report (draw-down of funds) as noted:

By signing this report, we certify to the best of our knowledge and belief that the reports are true, complete and accurate, and the expenditures, disbursements, and cash receipts are the purposes and objectives set forth in the terms and conditions of the federal award. We are aware that any false, fictitious, or fraudulent information or omission of any material fact, may subject us to criminal, civil, or administrative penalties for fraud, false statements, false claims or otherwise.

If a final drawdown deadline is missed, the CFO 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 Superintendent and filed with TEA within 30 days of the final expenditure report deadline.]

8.3. Manual Approval of Draw-Down: If the granting agency or pass-through entity requires manual approval of an electronic draw-down, Richard Milburn Academy shall comply with such requirements. For example, TEA sometimes requests supporting information related to a draw-down, such as a detailed general ledger, narrative justification, or summary of expenditures by object code. Upon receiving a request from the TEA, the Director of Special Projects and/or CFO shall respond in a timely manner to avoid a designation of "high risk" grantee.

8.4. Maintenance of Grant Funds: Richard Milburn Academy will not maintain grant funds in a separate bank account.

Section 9: Grant-Funded Payroll and Time & Effort Requirements

- 9.1. **In General:** Grant funds may be used, if provided for in the grant agreement, to pay for all or part of the salaries and allowable fringe benefits of personnel who are directly working on the grant project. Richard Milburn Academy must maintain records to describe the duties and pay of each grant-funded position, as well as comply with all federal time and effort monitoring and reporting requirements. Grant-funded staff, their immediate supervisors, and Human Resources, and Finance Department staff shall be aware of the federal guidelines regarding payroll with federal funds and time and effort documentation.
- 9.2. **Budget and Pre-Approval:** All employee costs directly charged to the grant must be budgeted and approved on the Payroll Costs Schedule of the grant application (usually Schedule #3C). Richard Milburn Academy may charge the grant program only for the actual number of days worked and the actual percentage of time worked on the grant program based on time and effort documentation or a substitute system.
- 9.3. **Compensation Costs:** All payroll expenditures from grant funds shall be paid in accordance with the federal cost principles. First and foremost, the payroll expenditures must be authorized on the grant application and the duties assigned must be directly related to grant activities. In addition, compensation costs shall be allowable if:
- The costs are reasonable for the services rendered and conform to the established Richard Milburn Academy compensation and benefits plans for expenditures with all other funds (*i.e.*, local funds);
 - The employees have been employed in accordance with Richard Milburn Academy established hiring procedures;
 - The costs are supported by the appropriate time and effort certifications and other documentation required by the federal awarding agency, if applicable.
- 9.4. **Benefits Costs:** Richard Milburn Academy costs for fringe benefits for federally-funded staff shall be allowable as noted below:
- All benefit costs shall be in accordance with Richard Milburn Academy written Summary of Employee Benefits;
 - All leave benefits shall be in accordance with Richard Milburn Academy policies on leaves and absences;
 - The benefit costs shall be distributed equitably at the same allocation rate (percentage) as the employee's base compensation;
 - The benefit costs were earned and paid during the grant period;
 - The benefit costs are allowable under the Internal Revenue Service's Fringe Benefits Guide.
- 9.5. **Documentation of Compensation and Benefit Costs:** In addition to the time and effort reporting requirements outlined below, Richard Milburn Academy shall maintain the following documentation to support all compensation and benefits costs paid with federal grant funds (2 C.F.R. § 200.303 and 200.430 (i) (1)):
- Employment agreements, contracts, or reasonable assurances, as appropriate;
 - Job description signed by the employee with language identifying the funding source and noting that the position is intended to further grant purposes (*e.g.*, "Funded by Title I, Part A with the primary purpose of supporting grant activities aimed at improving academic achievement for students struggling to meet state standards);
 - Job description or pay notice identifying any additional or supplemental duties performed by the employee;
 - Absence records.

- 9.6. Grant-Funded Payments Dependent on Scope of Work:** Grant employees may spend 100% of their time on conducting grant program activities. In this case, these employees may be paid 100% from grant funds. Other grant employees may spend only part of their time conducting grant activities, in which case these employees may be paid partially from grant funds, according to the time actually spent on grant activities.
- 9.6.1. Employees Funded through Multiple Federal Grant Programs or Working on Multiple Cost Objectives:** Under prevailing federal regulations, all charges to payroll for grant-funded personnel must be based on one of the following: (1) certification; (2) time and effort records; or (3) a substitute system. Richard Milburn Academy has elected to use the substitute system of time and effort reporting authorized by the Department of Education in 2012. Under that system, Richard Milburn Academy is required to submit an annual management certification form to TEA, after which all Richard Milburn Academy employees may document their time semi-annually rather than monthly. Refer to the TEA website for the annual deadlines for submitting the semi-annual management certification form.
- 9.6.2. Employee Requirements for Participation in the Substitute System:** In order to participate in the substitute system, an employee (1) must work on a set schedule, (2) must work on multiple activities or cost objectives, and (3) may not work on multiple activities or cost objectives at the exact same time. Moreover, participating employees must complete the employee schedule and certification form issued by TEA. The following guidelines apply to the certification forms:
- Employees must account for not only the actual work performed (*i.e.*, with after-the-fact determination) but also should account for their total activity;
 - Forms must be signed by the employee or by the responsible supervisor/official having firsthand knowledge of the activities performed;
 - Forms must be submitted each semester of the school year.
- 9.6.3. Employees Funded through a Single Federal Grant Program or Working on a Single Cost Objective:** Employees who work under a single grant program or cost objective are not required to maintain time and effort records. However, each employee must certify in writing, at least semi-annually, that he or she worked solely on that program or cost objective for the period covered by the certification. Every Richard Milburn Academy employee must use the same certification form, which must contain the following elements: (1) the employee's name and position, (2) the name of the federal program or cost objective under which the employee was 100% funded, (3) the reporting period, not to exceed six months in length, (4) a statement that the employee worked solely on that program for the period covered by the certification, and (5) the dated signature of the employee or by the supervisor having first-hand knowledge of the work performed. Charges to the grant must be supported by these semi-annual certifications.
- The employee's activity must bear a relationship to fund source and job description; the activity must be required in order to fulfill the employee's obligations to the organization;
 - If an employee is paid from two or more fund sources, the supervisor must ensure that the employee is paid in proportion to the actual activity reported by the employee.
- 9.7. Time and Effort Sheets for Federally Funded Personnel:** At least once a semester, the CFO and the Director of Special Projects, in conjunction with program/school administrators, shall determine the personnel who will be funded from grant funds. (2 C.F.R. § 200.430 (i)) The Grant Accountant will then perform the following checklist of items for each employee:
- Collect signed and dated job descriptions detailing the work performed by the employee;
 - Determine the timeline for submitting time and effort documentation to Richard Milburn Academy and keep school administrators informed of impending deadlines;
 - Send a summary report of time and effort completion rates to each campus after the end of the Richard Milburn Academy review period;

- Coordinate the submission of sheets from schools, reviews them and provide feedback;
- Compare non-exempt employees' time and effort sheets and standard time sheets for compliance;
- Conduct quarterly reconciliations and perform payroll adjustments (if more than 10%);
- Generate journal entries related to payroll adjustments, which are then approved by the CFO;
- Inform the Budget Accountant whenever a budget adjustment is needed based on time and effort documentation; and
- Keep the time and effort files of grant-funded personnel current.

9.8. Grant-Funded Employee Roster: The Director of Special Projects shall maintain an up-to-date roster of all grant funded staff to include the position title, annual salary, and funding source(s) by percentage. The Director of Special Projects shall collaborate with campus administrators and the Human Resources Department to ensure that the roster accurately reflects that data maintained in their respective areas of responsibility (*e.g.*, pay amounts, job responsibilities, funding sources, etc.). Discrepancies shall be brought to the attention of the CFO.

9.8.1. Timing of Roster Review: The Director of Special Projects shall review the roster from time to time throughout the school year to ensure that it is both accurate and up-to-date. NOTE: It is critical that at least one of the reviews coincide with the submission of the Fall PEIMS Staff Data to ensure that accurate data is submitted as of the October snapshot date.

9.8.2. Time and Effort Sheets of a grant employee whose position and/or campus changed: A grant employee whose position and/or campus has changed shall fill out the Time and Effort Sheet (TES) for the days s/he performed grant activities during her previous position. The grant term on TES will bear the beginning and ending date of the previous position and s/he will receive her/his payoff amount from the previous position and/or location according to Payroll Policies Procedures (currently sections 4.4 and 4.5). Grant percentage will be calculated based on the grant activities performed in the new position and grant employee shall fill out TES displaying new grant fund code along with percentage.

Section 10: Purchasing Procedures:

- 10.1.1 Generally:** In general, the Purchasing Procedures outlined in Richard Milburn Academy Finance Procedures Manual apply to all purchases made with federal funds. This means that any campus, district, or Central Office department requesting an expenditure from federal grant funds must follow the typical purchase order process applicable to any Richard Milburn Academy purchase.
- 10.1.2 Compliance:** The Superintendent and/or CFO shall ensure that Richard Milburn Academy employees, officers, and agents comply with all federal, state and local procurement requirements and that Richard Milburn Academy maintains an up-to-date procurement history and list of all procurements to include, but not limited to, the information below when they are applicable:
- Advertisement date(s) of the procurement;
 - Release date of the procurement specifications;
 - Selection criteria for vendors;
 - Opening date of the procurement;
 - List of vendors submitting a proposal/bid;
 - Selection of Vendor;
 - Date of contract award;
 - Begin date of the contract; and
 - End date of the contract.

Any violations of these requirements or any applicable laws or regulations may lead to disciplinary consequences, including termination of employment or loss of employment position.

- 10.1.3 Purchase Order Guidelines:** In general, requests for purchases using federal funds commence in the same way as any other request: with the requestor creating a purchase order with a correct account code and total amount requested, and a note in the comment section referencing the appropriate CIP. However, after the purchase order clears the approval process outlined in Richard Milburn Academy Purchasing Procedures, it requires approval by the CFO before it can be finally processed. Accountants are thereafter responsible for coding the subsequent invoice against the purchase order, which is maintained by the CFO. The CFO will update the Director of Special Projects if there is a need to make a major update to a purchase order (including deleting it). The Grants Department will perform a comprehensive review of all invoices coded to federal funds in the first month of every fiscal year and will perform a monthly review of 20% of all invoices coded to the federal funds using a random sampling method before processing purchase orders.
- 10.1.3 Requisition approval criteria.** The Principal and/or Superintendent, Director of Special Projects, and CFO should use this policy as a mandatory criterion for approving any grant-related requisitions.
- 10.1.4 Full and Open Competition:** The CFO and the Director of Special Projects shall apply Richard Milburn Academy Purchasing Procedures to ensure that all procurement transactions using federal funds are conducted in a manner that provides open and free competition. Specifically, the CFO and Purchasing Director shall not establish requirements, such as excessive experience or bonding, brand name products or geographic preferences that would unduly restrict competition among qualified vendors and shall not apply arbitrary restrictions that are not essential to the bid/proposal specifications. Contractors who develop or draft specifications, requirements, statements of work, and invitations for bids or requests for proposals shall be excluded from competing for such procurements pursuant to 2 C.F.R. § 200.319.
- 10.1.5 Methods of Procurement:** The district shall use one of the procurement methods allowed by federal regulations to procure goods and services with federal grant funds [2 CFR 200.320].

The procurement method shall be determined based on the type of goods or services to be purchased with federal grant funds. The Director of Special Projects shall be responsible for selecting the appropriate procurement method for each procurement.

The district shall adhere to the most restrictive federal regulations, state laws, local policies and/or procedures when the guidance documents are in conflict. [CFR 200.403(c)]

10.1.6 Micro-Purchase Procurement Method: Micro-purchases may be awarded without soliciting competitive price or rate quotations if the non-Federal entity considers the price to be reasonable based on research, experience, purchase history or other information and documents it files accordingly. Purchase cards can be used for micro-purchases if procedures are documented and approved by the school district [2 CFR 200.320(a)(1)(ii)]. [The district has written Procurement Card Procedures – refer to the Exhibit Section.

The school district is responsible for determining and documenting an appropriate micro-purchase threshold based on internal controls, an evaluation of risk, and its documented procurement procedures. The micro-purchase threshold used by the school district must be authorized or not prohibited under State or local laws or regulations. School districts may establish a threshold higher than the Federal threshold. [2 CFR 200.320(a)(1)(ii) and (iii).

The Chief Financial Officer shall conduct an evaluation on an annual basis of the district’s internal controls, TEA-assigned risk level and documented procurement procedures to determine the appropriate micro-purchase threshold. The Self-Certification of Micro-Purchase Threshold form shall be submitted to the Superintendent at least 30 days prior to the start of each fiscal year for his/her review and consideration. The approved threshold shall be documented in the State and Federal Grants Manual to ensure that all stakeholders are aware of the approved micro-purchase threshold.

Micro-Purchase Procedures – Less than \$10,000

The Procurement by Micro-purchase may be the most frequently used method due to the frequent purchase of goods or services that are less than \$10,000 in the aggregate, as defined in CFR 200.1 and the granting agency. The district shall purchase goods and services under this method from among qualified vendors, but will not competitively procure the micro-purchases, unless in the aggregate in a 12-month period (fiscal year), the district exceeds federal or state law thresholds [2 CFR 200.320 (a)], or the district’s threshold in Board Policy.

The finance/purchasing department shall distribute micro-purchases equitably among qualified vendors to the maximum extent possible and shall ensure that the price is reasonable.

10.1.6.1 Micro-Purchases Threshold: The threshold shall be determined by expenditures for “like-items” in the aggregate over a fiscal year (September 1st through August 31st). The Chief Financial Officer shall review expenditures from all district funds (local, state and federal) by “like-item” on at least a quarterly basis to monitor that the district does not exceed any “like-item” categories. The district has elected to use a coding system for “like-items” that is similar to the State of Texas Procurement Commodity Codes, plus locally defined codes that may not exist on the Commodity Codes. A copy of the district’s Like-Item Categories is in the Exhibit Section. In addition, vendors in the finance system shall be coded to a primary vendor category.

The Chief Financial Officer shall review annual expenditures from all district funds (local, state and federal) after the close of the fiscal year to determine if any additional “like-item”

categories should be added for the following fiscal year. The budgeted funds by like-item categories may also be helpful in planning for large expenditures in a particular like-item category in a given fiscal year.

10.1.7 Small-Purchase Procedures - \$10,000 - \$50,000:

The Procurement by Small Purchase Procedures shall be used by the district when the purchase of goods or services do not exceed \$250,000, the Simplified Acquisition Threshold (CFR 200.1). The purchasing department shall require written, emailed, or faxed quotations from at least three (3) qualified vendors for all small purchases, i.e. purchases that do not exceed \$50,000 [the state law threshold which requires a competitive procurement]. Note. The quotes can be from three (3) separate vendors within a qualified purchasing cooperative or different purchasing cooperatives to meet both the EDGAR and state law requirements for competitive procurement.

The district shall use a Small Purchase Quotation Form to document the quotations from vendors. A copy of the Small Purchase Quotation Form shall be filed with the appropriate purchase order. The Small Purchase Quotations shall be tabulated by the Chief Financial Officer on a Quotes Tabulation Form.

The district shall strive to obtain small purchases from qualified vendors under a Cooperative Purchasing Program [2 CFR 200.318 (e)]. Even though these cooperative purchasing programs have competitively procured the vendor contracts, the district shall compare the pricing among the vendors to select the best quality and price.

The Cooperative Purchasing programs shall provide an EDGAR compliance certification on an annual basis. If the Cooperative fails to provide the certification, the district shall not purchase goods or services through the Cooperative with federal grant funds. Reminder: District must still obtain at least 2 quotes from cooperatives to ensure compliance.

The district is currently participating in the following cooperative purchasing programs:

TASB Buy Board
DIR National
NCPA National
US Communities National
ESC 20 PACE
ESC 4 TCPN
ESC 8 Interlocal Purchasing System (TIPS)
State of Texas Co-Op Purchasing Program (TxSmartBuy)

Purchases Above \$50,000 Threshold: The **Procurement by Sealed Bids** (formal advertising) method shall be used by the district when the purchase of goods or services exceed \$50,000 if the acquisition of the goods or services lends itself to a fixed price contract and the selection of the successful bidder can be made principally on the basis of price [2 *CFR 200.320 (b)(1)*]. The district shall comply with the sealed bid requirements, as defined by the EDGAR, as noted below:

- Bids must be solicited from an adequate number of bidders, but no less than two (2) bidders
- Bids must be publicly advertised and bidders shall be provided an adequate amount of time to prepare and submit their bid. Local criteria shall include:
 - The district shall publicly advertise all bids in accordance with state law, i.e. at least two (2) times in two separate weeks

- The district shall provide no less than ten (10) days for bidders to prepare and submit their bids
- Bids must contain detailed specifications to ensure that bidders have a clear understanding of the goods or services that the district is seeking to purchase
- Bids must specify the time, date, and district location where bids will be opened publicly
- Bids must be awarded based on a fixed price contract to the lowest responsive and responsible bidder. The district shall consider discounts, transportation costs, and life cycle costs only if these factors were included in the bid specifications. The district will consider payment discounts because the district does routinely take advantage of payment discounts.
- Bids will be evaluated, ranked, and a recommendation for award made to the School Board at a regularly scheduled board meeting.
 - If no bidder is recommended, the district shall reject all bids and evaluate whether to modify the bid specifications to initiate a new bid process
- The district shall notify the successful bidder and process the contract documents and/or purchase orders, as appropriate
- The district shall notify all of the unsuccessful bidders to ensure that qualified bidders are encouraged to submit bids during future bid opportunities

Competitive Proposal Procedures – Over \$50,000

The **Procurement by Competitive Proposal** method shall be used by the district when the acquisition of the goods or services exceeds \$50,000 and does not lend itself to a fixed price contract [**2 CFR 200.320 (b)(2)**]. The district shall comply with the competitive proposal requirements, as defined by the EDGAR, as noted below:

- Requests for Proposals (RFP) must be publicly advertised
- The RFP shall identify the evaluation factors and their weight in awarding the proposal
- Proposals shall be solicited from an adequate number of bidders, but no less than two (2) qualified vendors
- Proposals shall be evaluated, ranked, and a recommendation for award made to the School Board at a regularly scheduled board meeting [2 CFR 200.320(b)(2)(ii)]
 - The district shall utilize the Competitive Sealed Proposal Process Checklist
 - The district shall develop an instrument to evaluate each proposal and rank the proposals based on the evaluation scores
 - The district shall evaluate each proposal by committee or no less than two (2) district staff with knowledge of the RFP specifications
 - In accordance with state law, the vendor who is ranked highest as providing the “proposal most advantageous to the district” shall be notified of the potential award
 - The district may negotiate with the vendor only as it relates to potential cost savings
 - If the district and vendor cease to negotiate, the district shall notify the vendor in writing before starting to negotiate with the 2nd highest ranked vendor.
- The district shall notify the successful proposer and process the contract documents and/or purchase orders, as appropriate
- The district shall notify all of the unsuccessful proposers to ensure that qualified bidders are encouraged to submit bids during future bid opportunities

10.1.8 Sole-Source/Non-Competitive Purchases: The **Procurement by Noncompetitive Proposal** method shall be used by the district when the purchase of goods or services is from a “sole source vendor” [2 CFR 200.320 (c)].

A sole source vendor is defined as a vendor that meets the following requirements:

- The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold [2 CFR 200.320 (c)(1)]
- The goods or services are only available from a single source [2 CFR 200.320 (c)(2)]
 - The district shall acquire and maintain a copy of a vendor’s sole source letter which specifies the statutory or other reason for its sole source status
 - The TEA Division of Grants Administration Request for Noncompetitive Procurement (Sole Source) Approval Form shall be utilized to request prior approval of a non-competitive, sole source proposal.
 - The district’s Sole Source Justification Form shall be completed and submitted with the single source proposal.
- A public exigency or emergency will not permit a delay resulting from the competitive solicitation process [2 CFR 200.320 (c)(3)]
 - The district shall declare a public exigency or emergency prior to making such as purchase of goods or services under this method
- The granting agency or pass-through entity authorized the use of a non-competitive proposal method [2 CFR 200.320 (c)(4)]
 - The district shall obtain written approval/authorization from the granting agency or pass-through entity.
- After solicitation of a number of sources, competition is determined to be inadequate [2 CFR 200.320 (c)(5)]
 - The district shall determine that competition is inadequate if after two (2) solicitations of bids and/or proposal, only one vendor is responsive to the solicitations.

Note. TEA has approved Education Service Centers in the non-competitive proposal category.

10.1.9 Purchasing Efficiency Strategies: All purchases with federal grant purchases shall be in accordance with the federal regulations, specifically 2C.F.R. § 200.318 (b). All purchases shall be purchased from a variety of qualified vendors with the ability to perform successfully under the terms and conditions of a proposed procurement. Richard Milburn Academy shall strive to avoid acquisition of unnecessary or duplicative items. Richard Milburn Academy shall implement the following strategies to maximize federal grant funds:

- Consolidation of purchases to obtain volume pricing, as appropriate
- Utilize cooperative purchasing agreements, as appropriate, to obtain volume pricing
- Utilize federal or state excess/surplus property supplies or equipment in lieu of purchasing new supplies or equipment, as appropriate
- Utilizing value-engineering in construction projects to seek cost reductions
- Develop a tracking system of all informal and formal procurements
- Monitor vendor performance to ensure that the vendor provides the services and/or goods, as appropriate

- Ensure that all contract and vendor disputes are resolved in the most advantageous manner
- Minimize the risk of jurisdictional issues by ensuring that all contracts would be litigated in a court

10.1.11 Other Procurement Guidelines: In addition to the above guidelines, Richard Milburn Academy shall also implement the following guidelines for purchases or contracts involving the expenditure of federal funds:

- Richard Milburn Academy will avoid purchasing unnecessary items, and will assess the cost/benefit of leasing in lieu of purchasing, where appropriate;
- Richard Milburn Academy solicitation of bids or offers will provide a clear and accurate description of the requirements to be fulfilled by the bidder, technical requirements to be performed, including the minimum acceptable standards, specific features of brand name or equivalent products that bidders are required to meet, and the acceptance of products and services measured using the metrics system;
- Richard Milburn Academy shall state a preference, where economically feasible, for products that conserve natural resources, protect the environment and are energy efficient;
- Richard Milburn Academy shall make positive efforts to utilize small businesses, minority-owned firms, and women's business enterprises whenever possible;
- Richard Milburn Academy shall ensure that the type of procurement instruments used (e.g. purchase orders) are appropriate for the particular procurement;
- Richard Milburn Academy shall contract only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of the proposed procurement;
- Richard Milburn Academy shall, upon request, make procurement documents available to appropriate government officials when (1) procurement procedures fail to comply with the standards in this section, (2) the procurement is expected to exceed the small purchase threshold (currently \$10,000) and is to be awarded without a competitive bidding process or there is only one bid received in response to a solicitation, (3) the procurement which is expected to exceed the small purchase threshold, specifies a brand name product; (4) the proposed award over the small purchase threshold is to be awarded to a bidder under a sealed bid procurement; or (5) a proposed contract modification changes the scope of a contract or increases the contract amount by more than the amount of the small purchase threshold.
- For all purchases that exceed the Simplified Acquisition Threshold of \$250,000, Richard Milburn Academy shall perform a cost or price analysis with every procurement. (2 C.F.R. 200.324).
- Secondly, all purchases for construction or facility improvement contracts that exceed this threshold shall comply with the federal bonding requirements set forth in (2 C.F.R. 200.326):
 - Bid guarantee from each bidder of five percent (5%) of the contract price
 - Performance bond on the part of the contractor for 100% of the contract price
 - Payment bond on the part of the contractor for 100% of the contract price.
- Richard Milburn Academy shall comply with the TEA's Guidance and Best Practices for Professional Services Contracts.

10.1.12 Record Documentation: The CFO shall ensure there is a cost or price analysis made and documented with every procurement action. The CFO shall also ensure the evaluation of the contractor performance and document whether the contractor has met the terms, conditions, and specifications of the contract. Procurement records for purchases over the small purchase threshold shall also contain (1) the basis for contractor selection; (2) the justification for lack of competition when competitive bids or offers are not obtained; and (3) the basis for award cost or price. (2 C.F.R. § 200.319 (c) (2)).

10.1.13 Conflicts of Interest: No employee, officer, or agent of Richard Milburn Academy shall participate in the selection, award, or administration of a contract supported by a federal award if he or she

has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. Further, no employee, officer, or agent of Richard Milburn Academy shall solicit or accept gratuities, favors, or anything of more than nominal value from contractors or parties to subcontracts. Richard Milburn Academy Employees, officers, or agents who violate these standards shall be appropriately disciplined, up to and including possible termination of employment.

10.1.14 Vendor Eligibility: Aside from ensuring that a potential vendor provides all documentation required by Richard Milburn Academy procurement policies, the CFO (and/or the Purchasing Department) shall review and approve all service agreements for compliance with the federal regulations described in 2 C.F.R. § 200.459. Specifically, the CFO (and/or the Purchasing Department) shall confirm that:

- The vendor/consultant/contractor has not been suspended or debarred from participating in contracts paid for by grant funds;
- The contract and/or funds have been approved in the grant application, if specific approval is required from the granting agency, and otherwise comply with applicable cost principles;
- The contract's nature and scope of services is directly related to the federal grant award activities;
- The proposed contracted services cannot be performed more economically by direct employment;
- The proposed vendor has the capacity and ability to perform the required services;
- The qualifications of the contracting firm or individual and the customary fees charged by the proposed vendor are acceptable; and
- The contract contains all language required by other federal and state regulations (*e.g.*, the Davis-Bacon Act).

10.1.15 Vendor Restrictions: In accordance with 2 CFR §200.216 that prohibits certain telecommunications and video surveillance services or equipment, the CFO and the Director of Technology shall review and approve all telecommunication contracts for goods and services with federal grant funds to include the following:

(a) Recipients and subrecipients are prohibited from obligating or expending loan or grant funds to:

(1) Procure or obtain;

(2) Extend or renew a contract to procure or obtain; or

(3) Enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. As described in Public Law 115-232, section 889, covered telecommunications equipment is telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).

(i) For the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities).

(ii) Telecommunications or video surveillance services provided by such entities or using such equipment.

(iii) Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country.

10.1.16 Vendor Preferences: In accordance with state purchasing laws, the district shall comply with the Texas Education Code (TEC Chapter 44) if the procurement guidelines are stricter under state law than federal regulations. Regardless of the procurement method, the district shall encourage small, minority, woman-owned and labor surplus area firms to compete with other qualified vendors by implementing strategies to encourage their participation [**2 CFR 200.322**].

As appropriate, and in accordance with **2 CFR 200.322**, the district should, to the greatest extent practicable under a Federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all subawards including all contracts and purchase orders for work or products under this award.

The CFO shall ensure that vendor preferences are included in all specifications, purchase orders and contracts, as appropriate.

10.1.17 Bonds: If the granting agency requires that Richard Milburn Academy obtain bonding and/or insurance for a specific project, Richard Milburn Academy shall ensure that the bonds are obtained from a company that holds a certificate of authority as specified in 31 C.F.R. Part 223, Surety Companies Doing Business with the United States. The CFO shall be responsible for obtaining insurance and/or bonding, as appropriate.

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

10.1.18 Procurement Procedure Review: Richard Milburn Academy shall complete a review of the procurement system on at least an annual basis by an independent auditor to certify that the procurement system is efficient and effective. The Superintendent and CFO shall oversee the completion of the audit. The results of the audit shall be distributed to all staff. If deficiencies are noted, the Superintendent and CFO shall develop a Corrective Action Plan to remedy the deficiencies, as appropriate. The CFO shall provide the audit results to the TEA.

Section 11: Property Standards

- 11.1.2 In General:** Richard Milburn Academy shall safeguard all property (assets and inventory) purchased with federal grant funds under the same guidelines as property purchased with local funds. Additional insurance for property purchased with federal grant funds shall be acquired if specifically required by a federal grant award. The CFO shall oversee the acquisition of insurance for all federally funded property.
- 11.1.3 Real Property:** Richard Milburn Academy has not used and will not use federal grant funds to purchase or improve real property.
- 11.1.4 Equipment and Supplies:** Richard Milburn Academy may use federal grant funds to purchase equipment and supplies. The federally-funded equipment shall be used only for the authorized purposes and shall be disposed of, at the end of the useful life or end of the grant period, in accordance with the grant award guidelines. The federally-funded supplies shall be used only for authorized purposes. Any residual (unused) supplies, in excess of \$5,000 unit cost value, at the end of the grant program or project may be used for any other federal grant program. Otherwise, the supplies shall be retained by Richard Milburn Academy or sold but must reimburse the granting agency for Richard Milburn Academy use or sale of the supplies. Richard Milburn Academy shall implement purchasing deadlines for the purchase of federally-funded supplies to ensure that residual supplies are not available at the end of the grant period or project.
- 11.1.5 Capitalization Policy and Definitions:** The district shall utilize the same capitalization policy for non-grant and grant-funded asset purchases. The district's capitalization threshold for assets is \$5,000 per unit cost. The district has adopted the EDGAR (**CFR 200.1**) definitions of property as noted below:
- *Capital assets* means tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP. (CFR 200.1).
 - *Equipment* means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000. (CFR 200.1)
 - *Computing devices* means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals") for printing, transmitting and receiving, or storing electronic information. (CFR 200.1)
 - *General purpose equipment* means equipment which is not limited to research, medical, scientific or other technical activities.
 - Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles.
 - *Information technology systems* means computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources. (CFR 200.1)
 - *Special purpose equipment* means equipment which is used only for research, medical, scientific, or other technical activities.
 - Examples of special purpose equipment include microscopes, x-ray machines, surgical instruments, and spectrometers.
 - *Supplies* means all tangible personal property other than those described in §200.1 Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life. (CFR 200.1)

- 11.1.6 Acquisition Cost:** Richard Milburn Academy has also adopted the EDGAR definition of Acquisition cost: The cost of the asset including the cost to ready the asset for its intended use. Acquisition cost for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Acquisition costs for software include those development costs capitalized in accordance with generally accepted accounting principles (GAAP). Ancillary charges, such as taxes, duty, protective in transit insurance, freight, and installation may be included in or excluded from the acquisition cost in accordance with the non-Federal entity's regular accounting practices. (2 C.F.R. § 200.2).
- 11.1.7 Inventory Items:** Richard Milburn Academy has also defined "inventory items" like items with a unit cost between \$1,000 and \$4,999. These items shall have a tag affixed to the item for inventory tracking and insurance purposes only. Inventory items shall include computing devices within these costs. The Operations Department shall track these items and shall conduct an annual inventory of these items to the extent possible. (2 C.F.R. § 200.313 (d) (1)).
- 11.1.8 Identifying and Tracking Federally-Funded Assets:** The CFO shall be responsible for maintaining the fixed asset database of all Richard Milburn Academy assets, including all federally-funded assets. Title to federally funded equipment and supply purchases shall be retained by Richard Milburn Academy unless otherwise notified by the granting agency. As Richard Milburn Academy property, Richard Milburn Academy shall affix a tag, inventory, and dispose of all assets (non-grant and grant-funded) according to Richard Milburn Academy fixed asset and inventory procedures. Richard Milburn Academy procedures shall include the recording of all assets on a database with the following information:
- Richard Milburn Academy-issued tag (or identification number);
 - Date of acquisition;
 - Description of asset;
 - Serial number, or another identifying number;
 - Funding source, i.e. fund code;
 - Federal use of the asset (percentage);
 - Cost of the asset (acquisition cost);
 - Use and condition of the asset (New, Used, etc.);
 - Life of asset;
 - Location of asset (building and room number);
 - Depreciation of asset; and
 - Owner of asset title, typically Richard Milburn Academy.
- 11.1.9 Maintaining Asset Inventory & Records:** All federally-funded assets shall be maintained in an operable state. If repairs are necessary, Richard Milburn Academy may pay for the repairs of the federally-funded assets with federal grant funds, unless expressly restricted by the granting agency. Richard Milburn Academy fixed asset procedures shall include an annual inventory (or more frequently if required by a granting agency) of all assets and reconciliation of the inventory reports. Lost, damaged, or stolen assets shall be recorded on the fixed assets database with the date of the loss. The disposition records such as the loss report (police report for thefts) shall be maintained with the asset records. (2 C.F.R. § 200.318 (i)).
- 11.1.10 Tracking of Inventory:** In addition, Richard Milburn Academy shall track all grant-funded asset purchases by grant, or fund code, as appropriate. The disposal of grant-funded assets shall be in accordance with federal guidelines and grant-specific guidelines if any. At a minimum, the disposition date, reason and sale price of all federally-funded assets shall be recorded in the fixed assets database.

11.1.11 Disposition of Equipment: When equipment purchased with federal program funds can no longer be used for the originally authorized purpose or for other activities currently or previously supported by the federal government, the equipment will be disposed of per the following guidelines.

11.1.12 Unit Cost of Less than \$5,000: Items with a current per-unit fair market value of less than \$5,000 may be retained, sold, or otherwise disposed of without special authorization of the TEA.

11.1.13 Unit Cost of \$5,000 or more: Items with a current per-unit fair market value of \$5,000 or more may be retained or sold. However, prior to retaining or selling the property, a campus principal, Superintendent, or Central Office department head shall contact the Director of Special Projects and request written authorization from the TEA or other grantor agency. The Director of Special Projects will prepare and issue to the TEA or other grantor agency written correspondence requesting disposition instructions including the Richard Milburn Academy employee's proposal to retain or sell the property.

If Richard Milburn Academy selects to retain the equipment, it shall purchase the equipment for use in nonfederal programmatic activities and make an operating transfer to the appropriate federal program fund for revenues, expenditures, other revenues and/or other uses, as appropriate, in the amount of the fair market value of the equipment. Market value may be determined by an independent appraiser. If Richard Milburn Academy selects to sell the equipment, the equipment may be sold according to Richard Milburn Academy policies for disposing of surplus property and 34 C.F.R. § 80.32. In either case, the proceeds from the purchase/sale must be credited to the appropriate federal program fund and be used to expand the program(s) at Richard Milburn Academy. If Richard Milburn Academy does not wish to use the proceeds in that program, the proceeds will be refunded to TEA. In any event, Richard Milburn Academy employees must obtain written permission from the Director of Special Projects or CFO before disposing of the equipment.

11.1.14 Intangible Property: Richard Milburn Academy may use federal grant funds to purchase the intangible property. If Richard Milburn Academy uses federal grant funds to purchase intangible property, Richard Milburn Academy must use the intangible property for the originally authorized purpose and must not encumber the property without approval of the federal awarding agency. When no longer needed for the originally authorized purpose, disposition of the intangible property must occur in accordance with the provisions in 2 C.F.R. § 200.313(e).

11.1.15 Copyrights: Richard Milburn Academy may copyright any work that is subject to copyright and was developed, or for which ownership was acquired, under a federal award. The Federal awarding agency reserves a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use the work for federal purposes, and to authorize others to do so.

11.1.16 Patents: Richard Milburn Academy is subject to applicable regulations governing patents and inventions, including government-wide regulations issued by the Department of Commerce at 37 C.F.R. Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Awards, Contracts and Cooperative Agreements."

11.1.17 Data: The federal government has the right to (1) Obtain, reproduce, publish, or otherwise use the data produced under a federal award; and (2) Authorize others to receive, reproduce, publish, or otherwise use such data for federal purposes.

11.1.18 Freedom of Information Act (FOIA): In response to a Freedom of Information Act (FOIA) request for research data (as defined by 2 C.F.R. § 200.315) relating to published research findings (as defined by 2 C.F.R. § 200.315) produced under a federal grant award that were used by the federal government in developing an agency action that has the force and effect of law, the

federal awarding agency must request, and Richard Milburn Academy must provide, within a reasonable time, the research data so that they can be made available to the public through the procedures established under the FOIA. If the federal awarding agency obtains the research data solely in response to a FOIA request, the federal awarding agency may charge the requester a reasonable fee equaling the full incremental cost of obtaining the research data. This fee should reflect costs incurred by the federal agency and Richard Milburn Academy. This fee is in addition to any fees the federal awarding agency may assess under the FOIA (5 U.S.C. § 552(a)(4)(A)).

Section 12: Grant Monitoring and Accountability

- 12.1 Generally:** Aside from the monitoring requirements established elsewhere in these procedures, the following monitoring requirements apply. The Grants Management Department shall consistently monitor grant funds throughout the grant period. The Department shall ensure, among other things, the following:
- Compliance with federal requirements such as cost principles and reporting requirements;
 - That all grant expenditures are allowable and properly documents;
 - That Richard Milburn Academy is adhering to its internal controls and complying with audit findings; and
 - That Richard Milburn Academy is implementing strategies to deter, mitigate and eliminate waste and fraud in the expenditure of grant funds.
- 12.2.1 Director of Special Projects Monitoring Responsibilities:** The Director of Special Projects shall be responsible for the programmatic, evaluation, and financial compliance. The Director of Special Projects shall monitor the timing of grant activities throughout the grant period, especially as they relate to the desired outcomes. The Finance Department shall monitor the timing of grant expenditures, especially as they relate to the period of availability of grant funds. If either the grant activities or grant expenditures reflect that Richard Milburn Academy will not accomplish the grant activities during the grant period, the Director of Special Projects and Finance Department shall work collaboratively to develop an action plan to ensure that the federal grant goals are met.
- 12.3 Providing Documentation:** Richard Milburn Academy shall maintain documentation to support all grant expenditures and provide the documentation upon request to Richard Milburn Academy external auditors, granting agency or other oversight agency, as appropriate.
- 12.4 Audit Findings:** Auditing findings or deficiencies shall be addressed in a timely manner upon receipt of the notification. The Grants Management and Finance Department staff shall work collaboratively to develop and implement a Corrective Action Plan to resolve the findings or deficiencies. The CFO or designee shall approve the Corrective Action Plan and monitor the timely implementation of corrective strategies.
- 12.5 Disclosure and Remediation of Fraud:** Richard Milburn Academy shall disclose to the granting agency if any federal grant funds have been the subject of fraud by Richard Milburn Academy employees, officers, or agents and/or contractors (vendors). 2 C.F.R. §§ 200.113 & 200.516(e)(6). Corrective actions, as appropriate, shall be implemented to remedy the loss of grant funds due to fraud. 2 C.F.R. § 200.508(c).
- 12.6 Remedies for Non-Compliance:** Richard Milburn Academy may be subject to consequences due to non-compliance with federal regulations. Richard Milburn Academy 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).
- 12.7 Grant Closeout Procedures:** Richard Milburn Academy shall submit all grant closeout documents to the granting agency or pass-through agency, as appropriate. 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;
 - Submit the final grant program performance report, if any;
 - Submit the final grant expenditure report, if any;
 - Drawdown all the expended grant funds (reimbursement request) – Match the grant

- expenditure draw-downs with the finance general ledger;
- Certify that the final drawdown of federal grant funds is accurate (Certification);
- Refund any excess grant funds, interest, or other payables to the granting agency or pass-through agency; and
- Account for any real and/or personal property on hand at the end of the grant period

The Special Projects Director must ensure that all grant close-out provisions are met on a timely basis and resolved with the awarding agency to avoid a termination of the grant award.

Under 2 CFR 200.344(h), if the non-Federal entity does not submit all reports in accordance with this section and the terms and conditions of the Federal Award, the Federal awarding agency must proceed to close out with the information available within one year of the period of performance end date.

Section 13: Miscellaneous Provisions

- 13.1.1 Comparability of Services:** Comparability of services is a fiscal accountability requirement that applies to local educational agencies (LEAs) that receive funds under Title I, Part A of the Elementary and Secondary Education Act of 1965 (ESEA), as reauthorized by Every Student Succeeds Act of 2015 (ESSA). The intent of the comparability of services requirement is to ensure that an LEA does not discriminate (either intentionally or unintentionally) against its Title I schools when distributing resources funded from state and local sources simply because these schools receive federal funds. [TEA Title I, Part Comparability of Services Guidance Handbook, 2017]
- 13.1.2 Test for Comparability:** The Grants Management Department, in collaboration with the Finance Department, shall conduct the comparability test on an annual basis and complete the Title I, Part A Comparability Assurance Document (CAD). NOTE: If Richard Milburn Academy determines that it is exempt from the comparability requirements, the Grants Management Department shall note the exemption on the CAD and submit it to TEA. If Richard Milburn Academy is not exempt, the finance department shall complete and submit the Comparability Computation Form (CCF) to TEA by the mid-November annual deadline. In completing the CAD and CCF, the Grants Management Department shall follow the following process:
- Determine if Richard Milburn Academy is exempt from the comparability requirement. If so, complete and submit CAD and stop here;
 - If not exempt, the comparability testing process should continue;
 - List all campuses in the CCF comparability testing;
 - Identify all campuses on the CCF as Title I Part A, skipped, or non-Title I Part A;
 - Determine whether to include dedicated EE and/or PK campuses in the comparability testing;
 - Select test method 1, 2, or 3 and use it consistently to all campuses being tested;
 - Complete the CAD for review by the grant management department. After review and approval by the grant’s management department, the CAD and CCF should be forwarded to the Superintendent for signature;
 - Submit the CAD and CCF to TEA by the mid-November deadline; and
 - If TEA determines that Richard Milburn Academy is non-compliant, the Grants Management and Finance Departments shall work collaboratively to address the non-compliance. In addition, Richard Milburn Academy shall adjust the budgets as appropriate to until Richard Milburn Academy is in compliance with the comparability requirement.
- 13.1.3 Maintenance of Effort:** Richard Milburn Academy shall comply with Every Student Succeeds Act (ESSA) and the Individuals with Disabilities Act (IDEA) maintenance of effort requirements.
- 13.1.4 ESSA Maintenance of Effort:** Federal statute requires that local education agencies (LEAs) receiving Title I, Part A funds must continue to maintain fiscal effort with state and local funds. An LEA may receive its full Title I, Part A entitlement if either the combined fiscal effort per student or the aggregate expenditures for the preceding fiscal year was not less than 90 percent of the combined fiscal effort or aggregate expenditures for the second preceding fiscal year. Maintenance of Effort (MOE) is determined using state and local operating expenditures by function, excluding expenditures for community services, capital outlay, debt service, and supplementary expenses as a result of a Presidentially declared disaster, as well as any expenditures from funds provided by the federal government. [[TEA ESSA MOE Handbook](#)].

The Finance Department shall compute the MOE using the TEA ESSA LEA MOE Determination Calculation Tool during the budget adoption process and at the end of the fiscal year. Non-compliance with ESSA MOE will result in a reduction of ESSA funds in the exact proportion by

which Richard Milburn Academy fails to meet the MOE requirement; therefore, the finance department shall plan for the reduction of grant funds at the local level. If the ESSA MOE falls below the required level, the finance and grant management departments shall collaborate to develop a plan to bring Richard Milburn Academy into compliance with the MOE requirements.

13.1.5 IDEA-B MOE: An LEA that accepts IDEA-B funds is required under IDEA-B to expand, for services to students with disabilities, at least an amount equal to 100% of the state and/or local funds it expended on students with disabilities during the previous year. Federal law provides four methods of demonstrating compliance (or “maintaining effort”), as described in the Methods of Determining Compliance section. [TEA IDEA-B MOE Guidance Handbook, 2017]

The Finance Department shall compute the MOE using the TEA IDEA-B LEA MOE Calculation Tool during the budget adoption process and at the end of the fiscal year. Non-compliance with IDEA-B MOE will result in a reduction of IDEA-B funds in the exact proportion by which (Charter School Name) fails to meet the MOE requirement; therefore, the Finance Department shall plan for the reduction of grant funds at the local level. If the IDEA-B MOE falls below the required level, the Grants Management and Finance Departments shall collaborate to develop a plan to bring Richard Milburn Academy into compliance with the MOE requirements.

NOTE: The Finance Department shall code all special education expenditures that qualify as exceptions to a specific sub-object for tracking purposes. For example, if Richard Milburn Academy makes a long- term purchase of equipment for a special education student, Richard Milburn Academy should track that expense separately to apply that cost as an exception during the MOE calculation.

As part of the IDEA-B grant application process, the Director of Special Projects will need to know the prior year Special Education expenditures and the next fiscal year budgeted Special Education Expenditures. The Finance Department shall provide these amounts to the Director of Special Projects not later than the day before the application deadline to ensure that the most accurate amounts are reflected in the grant application.

Exhibit A List of Current Grants

The following is a list of grants under which Richard Milburn Academy currently receives funding and the stated goals of each grant:

	The Grant Name and brief goal/description of grant purpose	Federal Award Identification # & Grant Start and End dates	Name of the Federal/State agency awarding grant
1	ESSA Consolidated Federal Application/Title I, II, IV	S010A200043, S367A200041, S424A200045 8/31/20 to 9/30/21	TEA
2	Special Education Consolidated (IDEA B)/Special education services	H027A200008 8/31/20 to 9/30/21	TEA
3	Title I School Improvement/improving low performing schools	S010A200043 8/1/20 to 9/30/21	TEA
4	Elementary and Secondary Emergency Relief Fund (ESSER)/Covid 19 emergency funding	S425D200042 3/13/20 to 9/30/21	TEA

Exhibit B 2021-2022 Supplement, Not Supplant Methodology

Instead of demonstrating that specific costs are supplemental, the supplemental funds test ensures that LEAs allocate funds appropriately to campuses that operate Title I, Part A schoolwide programs. In a schoolwide program, federal funds must supplement the state and local resources the campus would receive in the absence of federal funds. To pass the supplemental funds test, an LEA must demonstrate that the method it uses to allocate state and local funds to its campuses is applied consistently and does not reduce the allocation of state and local funds to a schoolwide campus because of Title I, Part A funds. When an LEA passes the supplemental funds test, its campuses can use their funds to improve their entire educational program without having to demonstrate that each expenditure is "supplemental." However, the LEA must maintain documentation that verifies that it passed the supplemental funds test and that it applied the same funding methodology to all of its campuses, including those that do not receive Title I, Part A funds.

Under ESSA Title I, Part A, the district must demonstrate a Supplement/Not Supplant Methodology that is used to allocate State and Local funds to campuses and that the allocation process is equitable.

TITLE I PART A STATUTE:

Section 1118 (b)(1): All LEA shall use Federal funds received under this part only to supplement the funds that would, in the absence of such Federal funds, be made available from State and local sources for the education of students participating in programs assisted under this part, and not to supplant such funds.

ASSURANCE:

Richard Milburn Academy (CDN 014-801) assures that:

- State and local funds that are retained at the LEA level will be used in a Title I neutral manner; and
- Title I, Part A funds that are reserved at the LEA level will be used only for Title I, Part A purposes, as indicated in the LEA's approved ESSA Consolidated Federal Grant Application.

It is understood that Richard Milburn Academy must provide sufficient State and local funds to campuses in order to provide a free, public education, in the absence of Title I, Part A funds.

TEA GUIDANCE ON SUPPLEMENT/NOT SUPPLANT

Based on TEA guidance, districts who have 1 campus per grade span with no duplication of grades, will not be required to demonstrate a methodology for Supplement/Not Supplant.

Richard Milburn Academy is required to demonstrate a methodology for Supplement/Not Supplant because the district has duplication of grade spans.

STATEMENT OF METHODOLOGY:

Richard Milburn Academy will use a districtwide methodology.

TYPE OF METHODOLOGY:

Richard Milburn Academy will calculate the campus allocations using a personnel/non-personnel costs.

Exhibit B cont.

CRITERIA USED:

“Knowns” for calculation:

- Personnel/Non-Personnel Costs
 - 6 Teachers; Average Teacher Salary \$51,750
 - 3 Associate Teachers; Average AT Salary \$30,000
 - 1 Principal; Average Principal Salary \$85,000
 - Technology Cost \$145 Per Pupil; 200 Students
 - Instructional Materials Cost \$52 Per Pupil; 200 Students

MATHEMATICAL CALCULATION:

Category	Amount	Count	Allocation
Teachers	\$51,750	6	\$310,500
Associate Teachers	\$30,000	3	\$90,000
Campus Principal	\$85,000	1	\$85,000
Technology costs per student	\$145	200	\$29,000
Instructional material costs per student	\$52	200	\$10,400
Allocation of state & local funds for HS grade span	\$3075	200	\$524,900

Richard Milburn Academy uses the same method for all nine of its campuses and thus, passes the supplemental funds test. Although the district's calculation model is based upon staffing, the district does not necessarily have to allocate the funds according to the model. The figures in the in the calculation model are used to generate a fair and consistent allocation amount but the district may use its discretion to pay a teacher for example, more or less than the \$51,750.00 allocated.

Exhibit C Procedures for Public Notification and Opportunities for Public Comment

All federal grants include provisions and assurances that a grant recipient agrees to comply with when accepting a grant award. The documents describing the provisions and assurances associated with a federal grant monitored by the Texas Education Agency are linked to each eGrant application listed on the TEA Grant Opportunities page. All school districts and charters who apply for and receive funds through the Every Student Succeeds Act (ESSA) grants annually indicate their assurance they will comply with the grant provisions and assurances. ESSA assurances include the following commitment: That “before the application was submitted, the applicant afforded a reasonable opportunity for public comment on the application and has considered such comment.” ([ESSA Provisions and Assurances \(state.tx.us\)](#) p.43, I).

Specific federal grants such as the ARP ESSER III also include provisions and assurances as described in the Program-Specific Provisions and Assurances. The ARP ESSER III grant includes the expectation that the LEA “engaged in meaningful consultation with stakeholders and gave the public an opportunity to provide input in the development of its plan for the uses of ARP ESSER III funds.” ([ESSER III Program Specific Assurances \(state.tx.us\)](#), p.5, R-U) Further, the Provisions and Assurances describe the specific groups who must be included in the outreach for comment.

This document outlines the manner in which Richard Milburn Academy will meet these requirements.

In accordance with the Richard Milburn Academy current procedures the notice of intent to participate in a federal grant is provided to the school community on a posted agenda and during the open portion of the scheduled school board meeting. Members of the public are invited to make comment to the board as outlined in Federal and State Grants Management Procedures.

Additionally, Richard Milburn Academy may solicit additional public comment using methods such as website postings and announcements, surveys sent out to stakeholders, student surveys, campus-based meetings, focus-group meetings, community group meetings or small group meetings.

The Richard Milburn Academy leadership may use additional methods to provide public notice of grant participation and solicit and receive public comment as grant guidance and time constraints require.

Exhibit D Commodity Codes

	<u>NON COMMODITY</u>
101	EMPLOYEE
102	PARENT
103	INTERLOCAL GOVT
104	BOARD MEMBER
105	SCHOOL DISTRICTS
	EMERGENCY PURCHASE
106	DISASTER
107	SOLE SOURCE SERVICES
210	PROFESSIONAL SERVICES
211	LEGAL SERVICES
212	ACCOUNTING AUDIT SERVICES
213	ARCHITECT
214	PROFESSIONAL SERVICES
215	MEDICAL PROVIDERS
220	HIGHER EDUCATION
230	EDUCATION SERVICE CENTERS
241	CONTRACTED REPAIRS GENERAL
242	CONTRACTED REPAIRS HVAC
243	CONTRACTED REPAIRS ELECT
244	CONTRACTED REPAIRS PLUMB
245	CONTRACTED REPAIRS EQUIP
246	MAINT AGREEMENTS OTHER
247	MAINT AGREEMENTS SOFTWARE
251	ELECTRICAL
252	GAS PROPANE
253	WATER SEWAGE REFUSE
254	TELECOMMUNICATIONS
261	RENTALS EQUIPMENT GENERAL
262	RENTALS VEHICLES
263	RENTALS FACILITIES
291	CONSULTANTS 6291
292	CONSULTANTS GENERAL
293	CONSULTANTS FINE ARTS
294	CONSULTANTS SP ED SERVICES
295	CONSULTANTS STUDENT SUPP
296	CONSULTANTS DJ SUPPL STAFF
297	CONSULTANTS SPEAKERS
	<u>SUPPLIES READING MATERIAL FS</u>
311	SUPPLIES MAINT GENERAL
312	SUPPLIES MAINT ELECTRICAL
313	SUPPLIES MAINT PLUMBING

314 SUPPLIES MAINT HVAC
 318 SUPPLIES MAINT GROUNDS
 315 SUPPLIES CUSTODIAL
 316 SUPPILES FUEL
 317 SUPPLIES FIRE AND SAFETY
 318 SUPPLIES MAINT GROUNDS
 321 TEXTBOOKS
 322 LIBRARY BOOKS
 323 READING MATERIALS
 324 SUBSCRIPTIONS MAGAZINES
 331 TESTING MATERIALS
 341 NSLP FOOD
 342 NSLP NON-FOOD
 343 NSLP SUPPLIES
 391 SUPPLIES INSTRUCTIONAL GEN
 392 SUPPLIES INSTR READING ELA
 393 SUPPLIES INSTRUCTIONAL MATH
 394 SUPPLIES INSTRUCT SCIENCE
 395 SUPPLIES INSTRUT SOC STUDIES
 396 SUPPLIES INSTRUCT TECH
 397 SUPPLIES INSTRUCT PE & ATHLE
 398 SUPPLIES OFFICE
 399 SUPPLIES SOFTWARE SITE LICENS
TRAVEL MISC
 411 LODGING
 412 AIRLINES
 413 RENTAL CARS
 414 REGISTRATION FEES
 415 TRANSPORTATION OTHER
 421 INSURANCE GROUP HEALTH
 422 INSURANCE DENTAL
 423 INSURANCE LIFE
 424 INSURANCE SUPPLEMENTAL BEN
 425 INSURANCE 3RD PARTY ADMIN
 426 INSURANCE PROPERTY CASUA
 491 AWARDS
 492 PRINTING SVC
 493 ADVERTISEMENTS
 SHARED SERVICE
 494 ARRANGEMENTS
 495 MEMBERSHIPS
 496 DUES OTHER THAN TRAVEL
EQUIPMENTCONSTRUCTION/BKS
 621 CONSTRUCTION
 631 VEHICLES OVER 5K

632 EQUIPMENT BAND OVER 5K
633 EQUIPMENT TECH OVER 5K
639 EQUIPMENT OVER 5K
641 VEHICLES LESS THAN 5K
642 EQUIPMENT BAND LESS THAN 5K
643 EQUIPMENT TECH UNDER 5K
649 EQUIPMENT LESS THAN 5K
660 LIBRARY BOOKS