Federal Subrecipient Fiscal Monitoring Protocol

Federal Grant Subrecipient Monitoring Overview

Texas Education Agency's (TEA) Federal Fiscal Monitoring (FFM) Division conducts federal grant subrecipient fiscal monitoring reviews to ensure compliance and assist subrecipients in administering federal grant programs. The goals of the subrecipient monitoring process are to conduct a review of grants through a streamlined process that assists and encourages federal subrecipients to develop and effectively implement policies, procedures, and internal controls to document compliance with federal statutes and grant requirements.

The subrecipient monitoring review focuses primarily on a subrecipient's fiscal management system and policies and procedures for administering federal grants but may also encompass program-specific indicators. The review is based on information provided by a subrecipient during the monitoring review process, and information collected from other sources, such as the eGrants application system, Expenditure Reporting System, and potentially other TEAL applications. The primary goal of this review is to ensure that the implementation of federal grants is consistent with the fiscal, administrative, and program requirements in Uniform Guidance: 2 Code of Federal Regulations (CFR) Part 200, the Education Department General Administrative Regulations (EDGAR), and the applicable federal programmatic statutes.

This protocol includes the applicable indicators that may be included in a federal grant subrecipient fiscal monitoring review conducted by FFM. Included with each of the indicators are the legal citation for the requirement, a description of the requirement, compliance questions, and examples of supporting documentation a subrecipient would use to demonstrate compliance. While certain documentation may be required for an indicator, most indicators allow for locally defined documentation that meets their local policies and/or procedures.

Monitoring protocols reviewed for an organization will vary depending on the type of review (full fiscal or flash review described below), specific indicators selected, the grant program under review, risk level, and type of subrecipient. Traditional school districts, open-enrollment charter schools, nonprofit organizations, and other educational entities may operate under different statutory frameworks, governance structures, and federal program requirements. As a result, the scope, documentation expectations, validation procedures, and compliance monitoring activities may differ slightly to ensure alignment with the specific legal obligations and operational contexts of each entity type.

Grant Expenditures before Fiscal Monitoring

TEA monitoring staff will make selections of the indicators to be reviewed prior to distributing the initial monitoring engagement letters and will identify the indicators in the engagement letter. If, by the time the engagement letter is issued, there are no expenditures in the budgeted categories in the Expenditure Reporting (ER) System, the subrecipient will be given 15 calendar days to submit adequate expenditures for the grant in the ER System.

If inadequate expenditures exist after the 15-calendar day period, the review will proceed to *only* include *Indicators A: Required Written Policies and Procedures*, and *B: Program Implementation* as described below. The subrecipient may potentially receive a finding for Indicator A and will automatically receive a finding for Indicator B and automatically be selected for a full fiscal review in the next fiscal year's monitoring process (regardless of whether the subrecipient was initially selected for a full or a flash review process).

Full Fiscal Reviews

Full fiscal reviews (subrecipients identified as high risk in the agency's risk assessment process) will include the indicators outlined below in the Monitoring Review Indicators Matrix for a maximum of two of the subrecipient's highest budgeted class-object codes in the approved grant application. If the subrecipient does not have grant funds budgeted in two different class-object codes, the full review will only include the class-object codes where grant funds are budgeted.

Note: Subrecipients that are identified as high risk will not be reviewed for two consecutive years as TEA allows the subrecipient to implement corrective actions after the first year's identification. TEA will, however, review the subrecipient again the third year of high risk identification.

Flash Reviews

Flash reviews (subrecipients identified as medium or low risk in the agency's risk assessment process) will include the indicators outlined below for one selected class-object code, as determined by TEA Monitoring staff.

a) 6100 Payroll Costs;

b) 6200 Contracted Services;

c) 6300 Supplies and Materials;

d) 6400 Other Operating Costs; or

e) 6600 Capital Outlay Items.

Notes:

1. A process description can be written during the review and submitted as documentation for several indicators.
2. A policy or procedure cannot be written during the review to be submitted as documentation. Generally, policies and procedures must be approved and implemented at the start of the grant period being reviewed.

Monitoring Review Indicators Matrix

Cross-Cutting Indicators

TYPE OF REVIEW Indicators Reviewed	6100 – Payroll Compensation	6200 – Contracted Services	6300 – Supplies & Materials	6400 – Other Operating Costs	6600 – Capital Outlay	Testing Sample Size
A – Required Policy/Procedures	**Y**	**Y**	**Y**	**Y**	**Y**	0
B – Program Implementation	**Y**	**Y**	**Y**	**Y**	**Y**	0
C1 – Fiscal Control		**Y**			**Y**	0
C2 – Federal Funds Identification and Records	**Y**		**Y**	**Y**		0
D – Cash Management		**Y**	**Y**	**Y**	**Y**	0
E – Budget and Plan/Application	**Y**		**Y**	**Y**		0
F – Org Conflict of Interest	**Y**					0
G1 – Procurement Conflict of Interest		**Y**			**Y**	0
G2 – Procurement Method of Aggregation		**Y**	**Y**	**Y**	**Y**	Maximum 4
G3A – Micro-Purchase		Determined by transactions selected for Indicator G2			Determined by transactions selected for Indicator G2	Selected in G2
G3B – Simplified Acquisitions						Selected in G2
G3C – Contracts <$350K						Selected in G2
G3D – Sealed Bids						Selected in G2
G3E – Proposals						Selected in G2
G3F – Noncompetitive						Selected in G2
G3G – Purchasing Agreements (including Cooperative Purchasing)						Selected in G2

G4 – Procurement Records		**Y**			**Y**	0
G5 – Contract Provisions		**Y**			**Y**	0
H1 – Safeguarding All Assets			**Y**	**Y**		0
H2A – Equipment Insurance & Inventory					**Y**	0
H2B – Equipment and/or Supplies Disposition					**Y**	0
I – Obligation & Period of Performance	**Y**	**Y**	**Y**	**Y**	**Y**	Maximum 4 (may be previously selected in Procurement Review)
J1 – Compensation (Payroll) Documentation (T/E)	**Y**					Maximum 4 Staff Selected
J2 – T/E Review/Reconciliation	**Y**					Same as J1
K – Internal Controls	**Y**		**Y**	**Y**		0
L – Allowable Costs	**Y**	**Y**	**Y**	**Y**	**Y**	Maximum 4 (may be previously selected in Procurement Review)
M – Fiscal Agent, when applicable	**Y**, if applicable	**Y**, if applicable	**Y**, if applicable	**Y**, if applicable	**Y**, if applicable	0
Total Indicators Reviewed	*10 or 11, of 27*	*10 or 11, of 27*	*10 or 11, of 27*	*10 or 11, of 27*	*12 or 13, of 27*	

Program-Specific Indicators

TIPA-1 – Reservation of Funds	Applicable when Selected for Title I, Part A Review If school system name begins with letter A-M, indicators 1, 3 and 5 will be reviewed If school system name begins with letter N-Z, indicators 2, 4, and 6 will be reviewed
TIPA-2 – Eligible Attendance Areas	
TIPA-3 – Schoolwide Programs	
TIPA-4 – Targeted Assistance Programs	
TIPA-5 – Supplement, Not Supplant	
TIPA-6 – Equitable Services	
TIPC-1 – Supplement, Not Supplant	Applicable when Selected for Title I, Part C-Migrant Review
TIPC-2 – Equitable Services	
T2PA-1 – Supplement, Not Supplant	Applicable when Selected for Title II, Part A Review
T2PA-2 – Equitable Services	
T3PA-1 – Supplement, Not Supplant	Applicable when Selected for Title III, Part A Review
T3PA-2 – Equitable Services	
T4PA-1 – Supplement, Not Supplant	Applicable when Selected for Title IV, Part A Review
T4PA-2 – Equitable Services	
T4PA-3 – Required Activities	
RLIS-1 – Supplement, Not Supplant	Applicable when Selected for RLISP Review
IDEA-1 – Services to Private Schools	Applicable when Selected for IDEA Review
Perkins-1 – Supplement, Not Supplant	Applicable when Selected for Perkins Review
McKV-1 – Supplement, Not Supplant	Applicable when Selected for McKinney-Vento Review

Cross-Cutting Indicators

The following cross-cutting indicators will be selected for review for full fiscal and flash reviews, regardless of grant program selected, based on the class-object codes selected for the subrecipient. See the *Monitoring Review Indicators Matrix* above for the specific indicators applicable to each type of monitoring review.

Bolded Compliance Questions will be automatic findings of noncompliance if the subrecipient cannot provide sufficient documentation and the review of that indicator is complete without regard to any remaining Compliance Questions. When the bolded Compliance Question is met, other non-bolded Compliance Questions may or may not result in findings, at the discretion of the TEA monitor, based on the documentation provided and professional judgement of the TEA monitor.

A. Required Written Policies and Procedures

Citation: 2 CFR 200

- Conflicts of Interest Policy (200.112 and 200.318(c)(1)) – Implementation reviewed in Indicators F and G below.
- Accounting Policy (200.306(h)(2)(i); 200.400, 200.430(g)) – Implementation reviewed in Indicators C and J below.
- Compensation Policy (200.430(a)) – Implementation reviewed in Indicators J below.
- Fringe Benefits Policy (200.431) – Implementation reviewed in Indicators J below.
- Employee Health and Welfare Policy (200.437) – Implementation not reviewed in this protocol.
- Travel Policy (200.475(a)) – Implementation reviewed in Indicators L below.
- Participant Support Cost Policy (200.456) – Implementation reviewed in Indicators L below.
- Real Property Procedures (200.311) – Implementation reviewed in Indicators G below.
- Time and Effort Procedures (200.430(g)) – Implementation reviewed in Indicators J below.
- Allowability of Costs Procedures (200.302(b)(7); 200.403, 200.404, 200.405) – Implementation reviewed in Indicators L below.
- Cash Management Procedures (200.302(b)(6); 200.305) – Implementation reviewed in Indicators D below.
- Procurement Procedures (200.318; 200.319; 200.320; 200.324, 200.327) – Implementation reviewed in Indicators G below.
- Equipment Management Procedures (200.313(d)) – Implementation reviewed in Indicators H below.
- Participant Support Cost Procedures (200.456) – Implementation reviewed in Indicators L below

Requirement Description:

A subrecipient must maintain and implement written local policies and procedures for the implementation of federal grants, as required under the Uniform Grant Guidance and the Education Department's General Administrative Regulations (UGG/EDGAR).

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• **Does the subrecipient provide the required written *policies* (see list in Requirement Description above)?** • **Does the subrecipient provide the required written *procedures* (see Indicators above)?**	• Locally developed and approved policies and procedures for the administration of federal grants that address each required area (see comprehensive list above). *Note: This may be a single or multiple manuals, or stand-alone policy and procedure documents, based on the subrecipient. Subrecipients are not required to include all policies and procedures in a single document.*

• Does the subrecipient have a documented process for reviewing/approving policies and procedures?
• Are policies and procedures up to date, with the most current regulations, and citations (UGG or EDGAR).
	• Local process identifying the local authority to approve policies and procedures
	• Evidence of most recent approval:
	  ○ Approver's signature page (if your policy requires an authorized individual to approve); or
	  ○ Board meeting minutes (if your policy requires board approval); or
	  ○ Other locally determined approval process documentation

Expenditure Testing:

Not applicable for this indicator.

Monitoring Notes:

- If no federal grant funds are planned, budgeted, or expended for the applicable policy reviewed above, for monitoring purposes a finding may be issued for lack of the policy or procedures, but costs will not be questioned or disallowed.
- Full fiscal reviews (subrecipients identified as high risk in the agency's risk assessment process) will include a review of all the policies and procedures listed above.
- Flash reviews (subrecipients identified as medium or low risk in the agency's risk assessment process) will only include the policies and procedures applicable to the selected topic of the review (a. 6100 Payroll Costs; b. 6200/6600 Contracted Services and Capital Outlay Items; and c. 6300/6400 Supplies and Materials and Other Operating Costs.)

B. Program Implementation

Citation:

2 CFR 200.400(a)(b) Policy guide.

Requirement Description:

(a) The recipient and subrecipient are responsible for the efficient and effective administration of the federal award through sound management practices.

(b) The recipient and subrecipient are responsible for administering federal funds in a manner consistent with federal statutes, regulations, and the terms and conditions of the federal award.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• **If the subrecipient has expenditures entered in the general ledger (GL), has the subrecipient drawn down enough funds in ER by the date of the engagement letter? If not, allow the subrecipient 15 calendar days to submit expenditures in ER. If insufficient expenditures are entered in the GL after the 15-day grace period, does the subrecipient have a reasonable explanation for why?**	• GL as of date of engagement letter, and/or 15 days after the issuance of the engagement letter • Detailed plan for future expenditures, when applicable

Expenditure Testing:

Not applicable for this indicator.

Monitoring Notes:

- If there are insufficient expenditures reported to review, a finding will be issued and the subrecipient will automatically be selected for a full fiscal review in the next fiscal year's monitoring process (regardless of whether the subrecipient was initially selected for a full or a flash review process).
- An example of a reasonable explanation for no drawdown of expenditures is something like a Title II, Part A flash review of 6100 and all the payroll costs are budgeted for substitutes and/or extra-duty pay that is scheduled April through July. In this case, the flash review of 6100 may proceed, allowing the subrecipient to substitute prior year expenditures (if the subrecipient agrees) if there was a comparable situation in prior year. If there was no comparable situation in the prior year, the subrecipient *must* choose to either change the class-object code being reviewed or will move the LEA to the next year's monitoring cycle.
- If the prior year is reviewed and findings are issued, the only noncompliance resolution may be to refund the applicable questioned costs.

C. Financial Management

C1 – Fiscal Control

Citation:

34 CFR § 76.702 Fiscal control and fund accounting procedures.

Requirement Description:

A subrecipient shall use fiscal control and fund accounting procedures that ensure proper disbursement of and accounting for federal funds.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples

• **Does the subrecipient maintain properly documented accounting records?**
• How does the subrecipient ensure proper and consistent Financial Accountability System Resource Guide (FASRG) coding is implemented when recording grant expenditures?
	• Evidence of properly coded grant expenditures, including:
	  ○ Chart of Accounts
	  ○ General Ledger
	  ○ Payroll Journal (if reviewing 6100) or
	  ○ Other appropriate local documentation
	• Records documenting all required accounting elements are included in the subrecipient's fiscal management system

Expenditure Testing:

Not applicable for this indicator.

Monitoring Notes:

- If no accounting records can be provided, the indicator is automatically issued a finding of noncompliance, and the review of the indicator is complete.

C2 – Federal Funds Identification and Records

Citation:

2 CFR 200.302(b)(1, 2, and 3)

Requirement Description:

(1) Identification of all federal awards received and expended, and the federal programs under which they were received. federal program and federal award identification must include, as applicable, the Assistance Listings Number (ALN) and title, federal award identification number (FAIN), year the federal award was issued, and name of the federal agency or pass-through entity.

(2) Accurate, current, and complete disclosure of the financial results of each federal award or program in accordance with the reporting requirements in §§ 200.328 and 200.329.

(3) The subrecipient shall maintain records that sufficiently identify the amount, source, and expenditure of federal funds for federal awards. These records must contain information necessary to identify federal awards, authorizations, financial obligations, unobligated balances, as well as assets, expenditures, income, and interest. All records must be supported by source documentation.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples

• **Does the subrecipient documentation sufficiently identify:**
  ○ ALN or FAIN, as applicable, depending on the year of the grant
  ○ Year federal award was issued
  ○ Name of federal agency or pass-through entity (TEA)
  ○ Disclosure of financial results of the grant
  ○ Source of the grant
  ○ Amount of the grant
  ○ Obligations of the grant
  ○ Expenditures on the grant
  ○ Unobligated balance of the grant
  ○ Grant funded assets
  ○ Any program income earned from the grant
  ○ Any interest earned from the grant
	• Evidence of properly coded grant expenditures:
	  ○ Chart of Accounts
	  ○ General Ledger
	  ○ Payroll Journal
	• General Ledger that includes all required accounting elements and contains detailed information for each transaction
	• Financial system reports or screenshots identifying required accounting elements
	• General Ledger journal entries that demonstrate that funds are encumbered when purchase orders are created
	• Financial system reports identifying encumbered funds/balances
	• Local policies and procedures for approving purchases made with grant funds
	• Local documentation of the financial system to identify:
	  ○ Source of the grant
	  ○ Amount of the grant
	  ○ Grant year
	  ○ Obligations of the grant
	  ○ Expenditures of the grant
	  ○ Unobligated balance of the grant
	  ○ Grant funded assets
	  ○ Any program income earned from the grant

	○ Any interest earned from the grant ○ Other locally determined documentation to address the indicators

Expenditure Testing:

Not applicable for this indicator.

Monitoring Notes:

- Either the ALN or the FAIN must be provided. Which is applicable is determined by the year of the grant. Older grants will still represent the FAIN while newer grants utilize the ALN.
- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

D. Cash Management

Citation:

2 CFR 200.305(b) Payments for Recipients and Subrecipients

Requirement Description:

A subrecipient must minimize the time elapsing between the transfer of funds from the federal agency or the pass-through entity and the disbursement of funds by the recipient or subrecipient, regardless of whether the payment is made by electronic funds transfer or by other means. See § 200.302(b)(6). Except as noted in this part, the federal agency must require recipients to use only OMB-approved, government-wide information collections to request payment.

(1) The subrecipient must be paid in advance, provided it maintains or demonstrates the willingness to maintain both written procedures that minimize the time elapsing between the transfer of funds and disbursement by the recipient or subrecipient, and financial management systems that meet the standards for fund control and accountability as established in this part. Advance payments to a subrecipient must be limited to the minimum amounts needed and be timed with actual, immediate cash requirements of the recipient or subrecipient in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the recipient or subrecipient for direct program or project costs and the proportionate share of any allowable indirect costs. The subrecipient must make timely payments to contractors in accordance with the contract provisions.

(3) Reimbursement is preferred when the requirements in paragraph (b) cannot be met, when the federal agency or pass-through entity sets a specific condition per § 200.208, when requested by the recipient or subrecipient, when a federal award is for construction, or when a significant portion of the construction project is accomplished through private market financing or federal loans and the federal award constitutes a minor portion of the project. When the reimbursement method is used, the federal agency or pass-through entity (TEA) must make payment within 30 calendar days after receipt of the payment request unless the federal agency or TEA reasonably believes the request to be improper.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• Does the subrecipient request grant fund payments from TEA in advance or as a reimbursement? • How does the subrecipient minimize the time between receiving funds from TEA and disbursing payments from the grant? • If you receive advance payments from TEA, how does the subrecipient track interest earned on those advance payments?	• General Ledger • Payroll Journal • Financial system reports or other documentation used to support an expenditure drawdown request • Evidence of review and approval by authorized individuals • Evidence of timely requests in TEA Expenditure Reporting System • Other locally determined documentation to address the indicators

Expenditure Testing:

Not applicable for this indicator.

Monitoring Notes:

- Any amount of time greater than 24 hours between receiving payment from TEA and disbursing grant payments is considered an advance payment.
- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

E. Budget and Application

Citation:

2 CFR 200.302(b)(5) Comparison of expenditures with budget amounts for each federal award.

2 CFR § 200.308(b) Deviations from approved budget.

2 CFR § 200.308(f) Revisions requiring prior approval.

Requirement Description:

302(b)(5) A subrecipient must provide a comparison of expenditures with budget amounts for each federal award.

308(b) The subrecipient must report deviations from the approved budget, project, or program scope, or objective(s) in accordance with § 200.329. The recipient or subrecipient must request prior approvals from the federal agency or pass-through entity for budget and program plan revisions.

308(f) A subrecipient must request prior written approval from the pass-through entity (TEA) for the following program and budget-related reasons:

(1) Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval).

(2) Change in key personnel (including employees and contractors) that are identified by name or position in the federal award.

(3) The disengagement from a project for more than three months, or a 25 percent reduction in time and effort devoted to the federal award over the course of the period of performance, by the approved project director or principal investigator.

(4) The inclusion, unless waived by the federal agency, of costs that require prior approval in accordance with subpart E as applicable.

(5) The transfer of funds budgeted for participant support costs to other budget categories.

(6) Subaward activities not proposed in the application and approved in the federal award. A change of subrecipient only requires prior approval if the federal agency or pass-through entity includes the requirement in the terms and conditions of the federal award. In general, a federal agency or pass-through entity should not require prior approval of a change of subrecipient unless the inclusion was a determining factor in the merit review or eligibility process. This requirement does not apply to procurement transactions for goods and services.

(7) Changes in the total approved cost-sharing amount.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• Does the subrecipient have a documented process for reviewing and comparing the local budget (GL) to the TEA approved grant application budget? • Does the subrecipient have a process to ensure any deviation to the approved budget (exceeding the 25% variance) identifies that an application amendment is required? • Does the subrecipient ensure an amendment to the grant application is submitted when required?	• Financial reports comparing actual expenditures to budgeted amounts • General Ledger with budget entries in accordance with the approved grant application • Supporting documentation for budgetary reviews and any adjustments made, including variance reconciliation • TEA-approved grant amendments and supporting documentation • Other locally determined documentation to address the indicators

Expenditure Testing:

Not applicable for this indicator.

Monitoring Notes:

- The TEA approved grant application budget is the official approved budget for federal grants.
- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

F. Organizational Conflict of Interest

Citation:

2 CFR 200.112 Conflict of interest.

Requirement Description:

A subrecipient must disclose in writing any potential conflict of interest to the pass-through entity (TEA).

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• Does the subrecipient have any organizational conflicts of interest? ○ **If the subrecipient identifies a potential organizational conflict of interest, has the required online Potential Conflict of Interest Disclosure form in the EDGAR Connect system been submitted to TEA?** • How does the subrecipient review staffing patterns annually to identify any potential organizational conflicts? (a policy, procedure, or process)	• Evidence of a local policy, procedure, or process documentation demonstrating how potential conflicts of interest are identified and reported • Evidence family relationship conflicts of interest (as defined in the Monitoring Notes below) are reported to TEA annually • Other locally determined documentation to address the indicators.

Expenditure Testing:

Not applicable for this indicator.

Monitoring Notes:

- Organizational conflicts of interest are any time two family members work in federal grant programs in any way where one family member is in the approval or oversight chain of the other family member's work, program implementation, or program budget.
- In some instances, a conflict of interest may also include one family member being employed by the subrecipient, and one family member serves as a board member. (see definition of conflict of interest in 318(c))
- Subrecipients report organizational conflicts of interest to TEA by submitting the required online Potential Conflict of Interest Disclosure form in the EDGAR Connect system.
- Conflicts must be reported for each grant year in which the potential conflict of interest exists.
- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

G. Procurement

G1 Procurement Conflict of Interest

Citation:

2 CFR 200.318(c)(1); TEA Required Disclosure

Requirement Description:

A subrecipient must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of contracts.

No employee, officer, agent, or board member with a real or apparent conflict of interest may participate in the selection, award, or administration of a contract supported by the federal award. A conflict of interest includes when the employee, officer, agent, or board member, any member of their immediate family, their partner, or an organization that employs or is about to employ any of the parties indicated herein, has financial or other interest in or a tangible personal benefit from an entity considered for a contract. An employee, officer, agent, and board member of the recipient or subrecipient may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors. However, the recipient or subrecipient may set standards for situations where financial interest is not substantial, or a gift is an unsolicited item of nominal value. The recipient's or subrecipient's standards of conduct must also provide disciplinary actions to be applied for violations by its employees, officers, agents, or board members.

The subrecipient must disclose in writing any potential conflict of interest to the pass-through entity (TEA).

Monitoring Questions for Determining Compliance	Supporting Documentation Examples

• **Does the subrecipient maintain required written standards of conduct covering conflicts of interest and governing the actions of employees engaged in the selection, award, and administration of contracts?**
• Has the subrecipient had any violation of the written standards of conduct?
  o If violations have been identified, what disciplinary actions have been taken?
  o How was it documented?
• Does the subrecipient set a nominal value for receiving unsolicited items?
  o If yes, what if the subrecipient's local process for identifying any violations of the policy and how was the violation reviewed and processed?
	General:
	• Written standards of conduct covering conflicts and disciplinary actions
	• Written nominal value for unsolicited items (required if the subrecipients set such value)
	Per procurement selected:
	• Formal procurement documentation, including additional procurement or purchasing processes, forms, or approval documentation
	• Conflict of interest statements included in contracts or in internal processes to initiate or approve procurements
	• If applicable, list of any violations of the written standards
	• If applicable, list of disciplinary actions taken
	• Other locally determined documentation to address the indicators.

Expenditure Testing:

Not applicable for this indicator.

Monitoring Notes:

- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

G2. Procurement Method for Aggregating Costs

Citation:

2 CFR 200.403(c) Factors affecting allowability of costs.

Texas Education Code (TEC) 44.031. Purchasing contracts.

Financial Accountability System Resource Guide (FASRG), Module 5: Purchasing, 5.11.1. 12-Month aggregation.

Requirement Description:

Texas rules are more restrictive; therefore, aggregation of costs is required for determining the appropriate method of procurement with federal funds. Costs must be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the recipient or subrecipient. (403(c))

All school district contracts for the purchase of goods and services, except contracts for the purchase of produce or vehicle fuel, valued at $100,000 or more in the aggregate for each 12-month period shall be made by the method, of the following methods, which provides the best value for the district…(TEC)

The term "aggregate," as used in the TEC, §44.031(a), can be defined as the total sum of demand for desired or "like" goods and services that in normal purchasing practices would be made in one purchase over a 12-month period for all campuses and departments within the school district. The term "aggregate" is not used in any other purchasing-related statutes and is not defined within the chapter. Each district must define "aggregate" within their procedures. The definition should be based on the resources available to the district, such as the ability to track purchases within the district's finance system, either by vendor (not suggested) or by a pre-determined set of categories or commodity codes (suggested).

The 12-month period can be calendar year or by fiscal year. The district is advised to select the period that best meets its tracking needs.

It is the responsibility of the school district to determine the method or structure of the aggregation process. Because of the TEC, § 44.031(a), requirement, tracking of category spend by the purchasing department is vital. Districts must be consistent in their categories and review prior purchases to ensure categories are not created to circumvent the laws. Note that certain requirements for federal funds may vary from this terminology. (FASRG)

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• **Does the subrecipient follow the locally determined process to track categories of expenditures to be able to determine the appropriate method of procurement while ensuring the categories are not created to circumvent laws?** • Does the subrecipient define aggregating funds within its local procedures?	• Definition of aggregating funds in local procedures • Documentation of the process being followed to track aggregating funds to determine the appropriate method of procurement

Expenditure Testing:

A maximum of four (4) transactions will be selected by the TEA monitor for review under this indicator. The monitor will select at least two different types of procurement methods, when possible, with no more than three different methods being selected. These transactions will then also determine the G3$\bar{x}$ indicators to be reviewed.

Monitoring Notes:

- If the subrecipient provides sufficient documentation to identify how they aggregate funds, then the monitor will select no more than four procurement transactions and review the remaining applicable procurement indicators (G3x, G4, G5) for those procurement transactions. *For reference, the proper type of procurement to be implemented based on the most*

restrictive rules between state and federal is defined on the next page. Remember, local policy can be more restrictive and impact the determination of the proper procurement method to be implemented.

- If the subrecipient does not provide sufficient documentation to identify how they aggregate funds, then
  - A finding for G2 is issued, and further attributes related to the remaining procurement indicators (G3x, G4, and G5) are *not* reviewed.
  - All costs expended under 6200, 6300, 6400, or 6600 (whichever class/object code is monitored) up to the date of the engagement letter will be questioned in the final report. (This indicator may or may not require returning funds and will be determined during the Noncompliance Resolution Process.)
- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

Most Restrictive Procurement Rules and Regulations

Purchases, including purchasing cooperatives, must demonstrate compliance with the most restrictive procurement requirements as defined in 2 CFR 200.320 (EDGAR/UGG) and Texas Education Code (TEC) 44.031.

Amount	State Requirements	EDGAR Requirements
$1-$15,000 Aggregate	TEC, §44.031 – no formal requirements, suggests policy	**§200.320(a)(1) micro-purchase – reasonable cost, and, as practicable, equally distributed among vendors**
$15,001-$99,999 Aggregate	TEC, §44.031 – no formal requirements, suggests policy	**§200.320(a)(2) simplified acquisition – price quotes from an adequate number of vendors**
$100,000-$350,000 Aggregate	**TEC, §44.031, requirements (choose best option for school system)** **1. Competitive bidding** **2. Competitive sealed proposals** **3. RFP** **4. Interlocal contract** **5. RFQ** **6. Reverse auction** **7. Formation of political subdivision corporation**	§200.320(a)(2) simplified acquisition – price quotes from an adequate number of vendors
$350,001+	TEC, §44.031, requirements (choose best option for school system) 1. Competitive bidding 2. Competitive sealed proposals 3. RFP 4. Interlocal contract 5. RFQ 6. Reverse auction 7. Formation of political subdivision corporation	**§200.320(b)(1) sealed bids and proposals; (b)(2) IFB, RFP, or RFQ only** **§200.324 LEA is required to conduct cost or price analysis on all procurements.**
Non-Competitive/Sole Source	TEC, §44.031 – Sole source allowed if existence of a patent, copyright, secret process, or monopoly.	**§200.320(c) Noncompetitive Proposal:** **1. Micro-purchase** **2. Available from a single source** **3. Public exigency or emergency** **4. Prior Approval by authorized agency (TEA)** **5. No competition – only one bid/proposal received after attempting competition**
Denotes the most restrictive rules that must be followed.		

G3. Procurement Methods

G3A. Micro-purchase

Based on the following federal rules for flexibility, micro-purchases are those procurements less than the subrecipient's micro-purchase threshold (if implemented).

Citation:

2 CFR 200.320(a)(1) Micro-purchases

Requirement Description:

A subrecipient must follow the appropriate procurement method based on aggregation of costs and the federal grant rules.

(a) *Informal procurement methods for small purchases.* These procurement methods expedite the completion of transactions, minimize administrative burdens, and reduce costs. Informal procurement methods may be used when the value of the procurement transaction under the federal award does not exceed the simplified acquisition threshold as defined in § 200.1. Recipients and subrecipients may also establish a lower threshold. Informal procurement methods include:

(1) *Micro-purchases —*

(i) *Distribution.* The aggregate amount of the procurement transaction does not exceed the micro-purchase threshold defined in § 200.1. To the extent practicable, the recipient or subrecipient should distribute micro-purchases equitably among qualified suppliers.

(ii) *Micro-purchase awards.* Micro-purchases may be awarded without soliciting competitive price or rate quotations if the recipient or subrecipient considers the price reasonable based on research, experience, purchase history, or other information; and maintains documents to support its conclusion. Purchase cards may be used as a method of payment for micro-purchases.

(iii) *Micro-purchase thresholds.* The recipient or subrecipient 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 recipient or subrecipient must be authorized or not prohibited under state, local, or tribal laws or regulations. The recipient or subrecipient may establish a threshold higher than the federal threshold established in the Federal Acquisition Regulations (FAR) in accordance with paragraphs (a)(1)(iv) and (v) of this section.

(iv) *Recipient or subrecipient increase to the micro-purchase threshold up to $50,000.* The recipient or subrecipient may establish a threshold higher than the micro-purchase threshold identified in the FAR in accordance with the requirements of this section. The recipient or subrecipient may self-certify a threshold up to $50,000 on an annual basis and must maintain documentation to be made available to the federal agency or pass-through entity and auditors in accordance with § 200.334. The self-certification must include a justification, clear identification of the threshold, and supporting documentation of any of the following:

(A) A qualification as a low-risk auditee, in accordance with the indicators in § 200.520 for the most recent audit;

(B) An annual internal institutional risk assessment to identify, mitigate, and manage financial risks; or,

(C) For public institutions, a higher threshold is consistent with state law.

(v) *Recipient or subrecipient increase to the micro-purchase threshold over $50,000.* Micro-purchase thresholds higher than $50,000 must be approved by the cognizant agency for indirect costs. The recipient or subrecipient must submit a request that includes the requirements in paragraph (a)(1)(iv) of this section. The increased threshold is valid until any factor that was relied on in the establishment and rationale of the threshold changes.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples

• **Does the aggregate amount of like type items of the micro-purchase expenditure fall within the approved micro-purchase threshold allowed (either $15,000 or the approved self-certified threshold)?**
• If the threshold is between $15,001 and $50,000, is the subrecipient eligible to utilize micro-purchase?
• If the threshold is between $50,001 and $99,999, has the subrecipient's threshold been approved by TEA in EDGAR Connect System (if approved, eligibility has been reviewed in approval process)?
• Have similar micro-purchases been equitably distributed among qualified vendors?
• Does the subrecipient have documentation to show the purchase price is reasonable?
	• Evidence of tracking like-type items in the aggregate to ensure the individual expenditure is eligible to be a micro-purchase
	• Evidence of the subrecipient's micro-purchase threshold
	• If the threshold is between $15,001 and $50,000, evidence of eligibility for the subrecipient to utilize micro-purchase which must be one of the following:
	  ○ Designated as low-risk auditee in most recent single-audit (not the TEA risk assessment); or
	  ○ Conduct an annual internal organizational risk assessment to identify, mitigate, and manage financial risks (must address all three components of the assessment)
	• Other locally determined documentation to address the indicators

Expenditure Testing:

Of the maximum of four procurement transactions selected, if any of them were procured as micro-purchases, the monitor will determine compliance based on the selected transaction by reviewing the Monitoring Questions for Determining Compliance listed above. In addition, the monitor will assess the aggregation of like-type items to verify the procurement method was allowable.

Monitoring Notes:

- Micro-purchase is a flexibility option for subrecipients to utilize, in lieu of simplified acquisitions for smaller purchases. It is not required.
- Any subrecipient may implement micro-purchase flexibility up to $15,000.
- If the subrecipient is unable to provide documentation of eligibility to utilize micro-purchase, but conducted micro-purchase procurements:
  - The review of this indicator is complete without going any further.
  - A finding is issued, and the cost of the procurement is questioned.
- The subrecipient must aggregate like-type items of cost to ensure their threshold is not exceeded.
- If the subrecipient claims eligibility based on the annual internal risk assessment (when threshold is between $15,001 and $50,000), the monitor must be able to identify that all three components are included: identifying risks, internal controls to mitigate the risk, and procedures to manage the risk.
- The subrecipient cannot utilize TEA's low risk designation status for eligibility.
- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

G3B. Simplified Acquisitions

Based on the following state and federal rules, simplified acquisitions are those procurements greater than the subrecipient's micro-purchase threshold (if implemented) and less than $100,000.

Citation:

2 CFR 200.320(a)(2) Simplified acquisitions.

2 CFR 200.403(c) Factors affecting allowability of costs.

Texas Education Code (TEC) 44.031. Purchasing contracts.

Requirement Description:

Texas rules are more restrictive; therefore, aggregation of costs is required for determining the appropriate method of procurement with federal funds. Costs must be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the recipient or subrecipient. (403(c))

All school district contracts for the purchase of goods and services, except contracts for the purchase of produce or vehicle fuel, valued at $100,000 or more in the aggregate for each 12-month period shall be made by the method, of the following methods, which provides the best value for the district…(TEC)

A subrecipient must follow the appropriate procurement method based on aggregation of costs and the federal grant rules. (320)

(a) Informal procurement methods for small purchases. These procurement methods expedite the completion of transactions, minimize administrative burdens, and reduce costs. Informal procurement methods may be used when the value of the procurement transaction under the federal award does not exceed the simplified acquisition threshold as defined in § 200.1 *[currently $350,000*]. Recipients and subrecipients may also establish a lower threshold. Informal procurement methods include:

(2) Simplified acquisitions —

(i) Simplified acquisition procedures. The aggregate dollar amount of the procurement transaction is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold. If simplified acquisition procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. Unless specified by the federal agency, the recipient or subrecipient may exercise judgment in determining what number is adequate.

(ii) Simplified acquisition thresholds. The recipient or subrecipient is responsible for determining an appropriate simplified acquisition threshold based on internal controls, an evaluation of risk, and its documented procurement procedures, which may be lower than, but must not exceed, the threshold established in the FAR.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• **Does the subrecipient's documented aggregate amount of like type items of the simplified acquisition expenditure fall within the approved simplified acquisition threshold?** • Did the subrecipient obtain enough bid/quotes from qualified sources as determined by the local procurement procedure?	• Evidence of tracking like-type items in the aggregate to ensure the individual expenditure is eligible to be a simplified acquisition below the state's $100,000 requirement for competition • Evidence of a local simplified acquisition threshold below the state's $100,000 requirement for competition • Other locally determined documentation to address the indicators

Expenditure Testing:

Of the maximum of four procurement transactions selected, if any of them were procured as simplified acquisitions the monitor will determine compliance based on the selected transaction by reviewing the Monitoring Questions for Determining

Compliance listed above. In addition, the monitor will assess the aggregation of like-type items to verify the procurement method was allowable.
Monitoring Notes: • The subrecipient must aggregate like-type items of cost to ensure their threshold is not exceeded. • The appropriate minimum number of bids or quotes is two unless the subrecipient's local policy defines a higher number. • The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

G3C. Purchasing Contracts Equal or Less than $350,000

Based on the following state and federal rules, competition is required for procurements greater than $100,000 and up to the federal threshold of $350,000.

Citation:

2 CFR 200.320(a)(2) Simplified acquisitions.

2 CFR 200.403(c) Factors affecting allowability of costs.

Texas Education Code (TEC) 44.031. Purchasing contracts.

Requirement Description:

Texas rules are more restrictive; therefore, aggregation of costs is required for determining the appropriate method of procurement with federal funds. Costs must be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the recipient or subrecipient. (403(c))

All school district contracts for the purchase of goods and services, except contracts for the purchase of produce or vehicle fuel, valued at $100,000 or more in the aggregate for each 12-month period shall be made by the method, of the following methods, which provides the best value for the district…(TEC)

A subrecipient must follow the appropriate procurement method based on aggregation of costs and the state procurement rules. (44.031)

(a) Except as provided by this subchapter, all school district contracts for the purchase of goods and services, except contracts for the purchase of produce or vehicle fuel, valued at $50,000 or more in the aggregate for each 12-month period shall be made by the method, of the following methods, that provides the best value for the district:

(1) competitive bidding for services other than construction services;

(2) competitive sealed proposals for services other than construction services;

(3) a request for proposals, for services other than construction services;

(4) an interlocal contract;

(5) a method provided by Chapter 2269, Government Code, for construction services;

(6) the reverse auction procedure as defined by Section 2155.062(d), Government Code; or

(7) the formation of a political subdivision corporation under Section 304.001, Local Government Code.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• **Does the subrecipient document the aggregate amount of like type items of the expenditure fall within the approved threshold?** • Did the subrecipient provide evidence that one of the seven state required methods was implemented?	• Evidence of tracking like-type items in the aggregate to ensure the individual expenditure is greater than $100,000 state requirement for competition • Evidence of the type of competition implemented • Other locally determined documentation to address the indicators

Expenditure Testing:

Of the maximum of four procurement transactions selected, if any of them were procured as contracts under $350,001, the monitor will determine compliance based on the selected transaction by reviewing the Monitoring Questions for Determining Compliance listed above. In addition, the monitor will assess the aggregation of like-type items to verify the procurement method was allowable.

Monitoring Notes:

- The monitor *only* verifies one of the approved methods of competition was implemented; the monitor does not verify content or characteristics of the competitive method.
- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

G3D. Sealed Bids

Based on the following federal rules, competition is required for those procurements greater than $350,000, utilizing one of the federally required procurement methods.

Citation:

2 CFR 200.324 Contract cost and price.

2 CFR 200.320(b)(1) Sealed bids.

Requirement Description:

(a) The subrecipient must perform a cost or price analysis for every procurement transaction, including contract modifications, more than the simplified acquisition threshold. The method and degree of analysis conducted depend on the facts surrounding the procurement transaction. For example, the recipient or subrecipient should consider potential workforce impacts in their analysis if the procurement transaction will displace public sector employees. However, as a starting point, the recipient or subrecipient must make independent estimates before receiving bids or proposals.

(b) Costs or prices based on estimated costs for contracts under the federal award are allowable only to the extent that the costs incurred or cost estimates included in negotiated prices would be allowable for the recipient or subrecipient under subpart E of this part. The subrecipient may reference its own cost principles if they comply with subpart E of this part.

(c) The subrecipient must not use the “cost plus a percentage of cost” and “percentage of construction costs” methods of contracting. (324)

A subrecipient must follow the appropriate procurement method based on aggregation of costs and the federal grant rules.

(b) Formal procurement methods. Formal procurement methods are required when the value of the procurement transaction under a federal award exceeds the simplified acquisition threshold of the recipient or subrecipient. Formal procurement methods are competitive and require public notice. The following formal methods of procurement are used for procurement transactions above the simplified acquisition threshold determined by the recipient or subrecipient in accordance with paragraph (a)(2)(ii) of this section:

(1) Sealed bids. This is a procurement method in which bids are publicly solicited through an invitation and a firm fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid conforms with all the material terms and conditions of the invitation and is the lowest in price. The sealed bids procurement method is preferred for procuring construction services.

(i) For sealed bidding to be feasible, the following conditions should be present:

(A) A complete, adequate, and realistic specification or purchase description is available;

(B) Two or more responsible bidders have been identified as willing and able to compete effectively for the business; and

(C) The procurement lends itself to a firm-fixed-price contract, and the selection of the successful bidder can be made principally based on price.

(ii) If sealed bids are used, the following requirements apply:

(A) Bids must be solicited from an adequate number of qualified sources, providing them with sufficient response time prior to the date set for opening the bids. Unless specified by the federal agency, the recipient or subrecipient may exercise judgment in determining what number is adequate. For local governments, the invitation for bids must be publicly advertised.

(B) The invitation for bids must define the items or services with specific information, including any required specifications, for the bidder to properly respond;

(C) All bids will be opened at the time and place prescribed in the invitation for bids. For local governments, the bids must be opened publicly.

(D) A firm-fixed-price contract is awarded in writing to the lowest responsive bid and responsible bidder. When specified in the invitation for bids, factors such as discounts, transportation cost, and life-cycle costs must be considered in determining which bid is the lowest. Payment discounts must only be used to determine the low bid when the recipient or subrecipient determines they are a valid factor based on prior experience.

(E) The recipient or subrecipient must document and provide a justification for all bids it rejects. (320)

Monitoring Questions for Determining Compliance	Supporting Documentation Examples

• **Does the subrecipient provide evidence that a cost or price analysis was conducted for the selected procurement transaction?**
• Did the subrecipient identify two or more qualified sources who could provide the contracted purchase or service?
• Did the IFB:
  ○ Identify and provide sufficient response time before opening bids?
  ○ Define the items or services being procured?
  ○ Define the public time and place bids would be opened?
  ○ Award a firm-fixed-price contract based on price?
• Did the subrecipient document and provide justification for all rejected bids?
	• Locally defined documentation showing the subrecipient estimated the cost or price of the contract
	• List of two or more potential sources who could provide the purchase or service
	• Copy of the posted IFB
	• Executed contract matching the awarded price and the submission price
	• Copy of rejection notices with justification included
	• Other locally determined documentation to address the indicators

Expenditure Testing:

Of the maximum of four procurement transactions selected, if any of them were procured as sealed bids the monitor will determine compliance based on the selected transaction by reviewing the Monitoring Questions for Determining Compliance listed above. In addition, the monitor will assess the aggregation of like-type items to verify the procurement method was allowable.

Monitoring Notes:

- The subrecipient must aggregate like-type items of cost to ensure this type of procurement is required.
- The cost or price analysis and the level of detail included in the analysis are defined by the subrecipient's local policy/procedure.
- The appropriate minimum number of qualified sources is two unless the subrecipient's local policy defines a higher number.
- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

G3E. Proposals

Based on the following federal rules, competition is required for those procurements greater than $350,000, utilizing one of the federally required procurement methods.

Citation:

2 CFR 200.324 Contract cost and price.

2 CFR 200.320(b)(2) Proposals.

Requirement Description:

a) The subrecipient must perform a cost or price analysis for every procurement transaction, including contract modifications, more than the simplified acquisition threshold. The method and degree of analysis conducted depend on the facts surrounding the procurement transaction. For example, the recipient or subrecipient should consider potential workforce impacts in their analysis if the procurement transaction will displace public sector employees. However, as a starting point, the recipient or subrecipient must make independent estimates before receiving bids or proposals.

(b) Costs or prices based on estimated costs for contracts under the federal award are allowable only to the extent that the costs incurred or cost estimates included in negotiated prices would be allowable for the recipient or subrecipient under subpart E of this part. The subrecipient may reference its own cost principles if they comply with subpart E of this part.

(c) The subrecipient must not use the "cost plus a percentage of cost" and "percentage of construction costs" methods of contracting. (324)

A subrecipient must follow the appropriate procurement method based on aggregation of costs and the federal grant rules.

(b) Formal procurement methods. Formal procurement methods are required when the value of the procurement transaction under a federal award exceeds the simplified acquisition threshold of the recipient or subrecipient. Formal procurement methods are competitive and require public notice. The following formal methods of procurement are used for procurement transactions above the simplified acquisition threshold determined by the recipient or subrecipient in accordance with paragraph (a)(2)(ii) of this section:

(2) *Proposals.* This is a procurement method used when conditions are not appropriate for using sealed bids. This procurement method may result in either a fixed-price or cost-reimbursement contract. They are awarded in accordance with the following requirements:

(i) Requests for proposals require public notice, and all evaluation factors and their relative importance must be identified. Proposals must be solicited from multiple qualified entities. To the maximum extent practicable, any proposal submitted in response to the public notice must be considered.

(ii) The recipient or subrecipient must have written procedures for conducting technical evaluations and making selections.

(iii) Contracts must be awarded to the responsible offeror whose proposal is most advantageous to the recipient or subrecipient considering price and other factors; and

(iv) The recipient or subrecipient may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby the offeror's qualifications are evaluated, and the most qualified offeror is selected, subject to negotiation of fair and reasonable compensation. The method, where the price is not used as a selection factor, can only be used to procure architectural/engineering (A/E) professional services. The method may not be used to purchase other services provided by A/E firms that are a potential source to perform the proposed effort. (320)

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• **Does the subrecipient provide evidence that a cost or price analysis was conducted for the selected procurement transaction?**	• Locally defined documentation showing the subrecipient estimated the cost or price of the contract • Copy of the RFP

• Did the subrecipient post publicly the request for proposals and evaluation indicators (price plus at minimum one additional factor)? • Did the subrecipient follow its written procedures for the evaluation of all received proposal submissions and selecting the award? • Did the subrecipient award to the proposal that was most advantageous to the subrecipient	• Documentation of the RFP was posted publicly • Copy of the evaluation indicators matrix • Copy of the evaluation and selection procedures • Executed contract matching the awarded price and the submission price • Other locally determined documentation to address the indicators

Expenditure Testing:

Of the maximum of four procurement transactions selected, if any of them were procured as proposals the monitor will determine compliance based on the selected transaction by reviewing the Monitoring Questions for Determining Compliance listed above. In addition, the monitor will assess the aggregation of like-type items to verify the procurement method was allowable.

Monitoring Notes:

- The subrecipient must aggregate like-type items of cost to ensure this type of procurement is required.
- The cost or price analysis and the level of detail included in the analysis are defined by the subrecipient's local policy/procedure.
- Proposals are used when the procurement does not meet the requirements to be a sealed bid process.
- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

G3F. Noncompetitive Procurements

The following federal requirements must be followed for any noncompetitive procurement to be allowable.

Citation:

2 CFR 200.320(c) Noncompetitive procurement.

Requirement Description:

A subrecipient must follow the appropriate procurement method based on aggregation of costs and the federal grant rules.

(c) There are specific circumstances in which the recipient or subrecipient may use a noncompetitive procurement method. The noncompetitive procurement method may only be used if one of the following circumstances applies:

(1) The aggregate amount of the procurement transaction does not exceed the micro-purchase threshold (see 320(a)(1));

(2) The procurement transaction can only be fulfilled by a single source;

(3) The public exigency or emergency for the requirement will not permit a delay resulting from providing public notice of a competitive solicitation;

(4) The recipient or subrecipient requests in writing to use a noncompetitive procurement method, and the federal agency or pass-through entity provides written approval; or

(5) After soliciting several sources, competition is determined to be inadequate.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• Does the subrecipient maintain sufficient evidence demonstrating how it made the decision that a noncompetitive procurement meets one of the statutory circumstances above, not including micro-purchases?	• Evidence the noncompetitive procurement being reviewed meets the federal requirements to be eligible for noncompetition • Other locally determined documentation to address the indicators

Expenditure Testing:

Of the maximum four procurement transactions selected, if any of them were procured as noncompetitive, the monitor will determine compliance based on the selected transaction by reviewing the Monitoring Questions for Determining Compliance listed above.

Monitoring Notes:

- Micro-purchases, if identified, are reviewed above in Indicator G3A.
- Noncompetitive procurements for public exigency or emergency must have a specified time limit and may not be approved indefinitely.
- Requesting TEA prior approval of a noncompetitive procurement is only valid for the original procurement in which it was received. TEA prior approval is not transferable to other like or similar procurements or across procurements. If the scope of the contract is being amended significantly, a new prior approval would be required.
- Federal grants with TEA approved vendor list still require the prior approval documentation.
- TEA prior approval is only granted through the online EDGAR Connect System.
- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

G3G. Purchasing Agreements (including Cooperative Purchasing)

When using purchasing cooperatives or other strategic sourcing and the transaction is selected in G2.

Citation:

2 CFR 200.318(e); TEA Required Annual Verification

Requirement Description:

200.318(e) Procurement arrangements using strategic sourcing.
When appropriate for the procurement or use of common or shared goods and services, recipients and subrecipients are encouraged to enter into state and local intergovernmental agreements or inter-entity agreements for procurement transactions. These or similar procurement arrangements using strategic sourcing may foster greater economy and efficiency. Documented procurement actions of this type (using strategic sourcing, shared services, and other similar procurement arrangements) will meet the competition requirements of this part.

TEA requires written, annual verification of EDGAR compliance by any purchasing cooperative or inter- agreement partner utilized by the subrecipient.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples

• Does the subrecipient enter into procurements using strategic sourcing for the grant program under review?
  ○ **If yes, how does the subrecipient annually verify that the agreement is EDGAR compliant?**
  ○ If yes and the agreement is not 100% EDGAR compliant, how does the subrecipient meet the remainder of the requirements?
	• Signed strategic sourcing agreements
	• Written annual verification of compliance or other local evidence that purchasing cooperative is compliant with EDGAR requirements (included in agreement or other supporting documents)
	• Other locally determined documentation to address the indicators

Expenditure Testing:

Not applicable for this indicator.

Monitoring Notes:

- If the subrecipient does not enter into procurements using strategic sourcing for the grant program under review, the indicator has been reviewed, and the monitor indicates "Yes" in the Indicators Met? Column on the report.
- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

G4. Procurement Records

The following federal requirements must be followed for any federal grant procurements.

Citation:

2 CFR 200.318(i) Procurement records.

Requirement Description:

A subrecipient must maintain records to sufficiently detail the history of each procurement transaction. These records must include the rationale for the procurement method, contract type selection, contractor selection or rejection, and the basis for the contract price.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples

• **Does the subrecipient maintain records to indicate the following:**
  ○ Documented rationale for the procurement method implemented
  ○ Contract type selected
  ○ Contractor selection and/or rejection
  ○ Basis for the contract price
	• Evidence of appropriate records being maintained for each procurement selected for review
	• Other locally determined documentation to address the indicators

Expenditure Testing:

Not applicable for this indicator.

Monitoring Notes:

- Documentation for this indicator may also be seen in the individual Indicators G3x above.
- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

G5. Contract Provisions

The following federal requirements must be followed for any federal grant subcontracts.

Citation:

2 CFR 200.327 Contract Provisions.

Appendix II to Part 200 – Contract Provisions for Non-federal Entity Contracts Under federal awards

200.214 Suspension and debarment.

Requirement Description:

A subrecipient's contracts must contain the applicable provisions described in Appendix II of this part. (327)

In addition to other provisions required by the federal agency or non-federal entity, all contracts made by the non-federal entity under the federal award must contain provisions covering the following, as applicable.

(A) Contracts for more than the simplified acquisition threshold, … must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.

(B) All contracts of more than $10,000 must address termination for cause and for convenience by the non-federal entity including how it will be effected and the basis for settlement.

(C) Equal Employment Opportunity. …for federally assisted construction contracts… *is not reviewed in the review of this indicator.*

(D) Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by federal program legislation, all prime construction contracts in excess of $2,000 awarded by non-federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-federal entity must report all suspected or reported violations to the federal awarding agency. The contracts must also include a provision for compliance with the Copeland "Anti-Kickback" Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The non-federal entity must report all suspected or reported violations to the federal awarding agency.

(E) Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708). Where applicable, all contracts awarded by the non-federal entity more than $100,000 that involve the employment of mechanics or laborers *is not reviewed in the review of this indicator.*

(F) Rights to Inventions Made Under a Contract or Agreement *is not reviewed in this indicator.*

(G) Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended, *is not reviewed in the review of this indicator.*

(H) Debarment and Suspension (Executive Orders 12549 and 12689)—A contract award (see 2 CFR 180.220) must not be made to parties listed on the governmentwide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), "Debarment and Suspension." SAM Exclusions contains the names of parties debarred,

suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

> See also 2 CFR 200.214 Suspension and debarment. Subrecipients are subject to the nonprocurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, as well as 2 CFR part 180. The regulations in 2 CFR part 180 restrict making federal awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from receiving or participating in federal awards.

(I) Byrd Anti-Lobbying Amendment (31 U.S.C. 1352)—Contractors that apply or bid for an award exceeding $100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-federal funds that takes place in connection with obtaining any federal award. Such disclosures are forwarded from tier to tier up to the non-federal award.

(J) See § 200.323. Procurement of recovered materials *is not reviewed in the review of this indicator.*

(K) See § 200.216. Prohibition on certain telecommunications and video surveillance equipment or services.

(L) See § 200.322. Domestic preference for procurements.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• **Do the selected contracts Terms and Conditions contain the following: A, H, K, and L above?** • If applicable, do the selected contracts contain B, D, and I above?	• Copies of the contracts, including terms and conditions, for the four procurements selected

Expenditure Testing:

Not applicable for this indicator.

Monitoring Notes:

- TEA monitors will always review Requirements A, H, K, and L. If the amount thresholds are met or exceeded, then requirements B, D, and I will also be reviewed by TEA monitors.
- It is important to note that other terms and conditions may be required to be included in some federal contracts, although not typical with federal education grant funds.
- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

H1. Safeguarding Assets

Citation:

2 CFR § 200.302(b)(4) Effective control over and accountability for all funds, property, and assets.

2 CFR 200.303(e) Internal controls.

Requirement Description:

A subrecipient must safeguard all assets and ensure they are used solely for authorized purposes. See 200.303 – Internal controls. (302)

A subrecipient must take reasonable cybersecurity and other measures to safeguard information including protected personally identifiable information. (303)

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• **Does the subrecipient have a process to provide reasonable assurance that it is safeguarding all assets funded with federal education grant funds?** • Does the subrecipient have a process to provide reasonable assurance that assets purchased with federal grant funds are being used for an allowable purpose under the source of funds from which it was purchased?	• A written process describing how the subrecipient is safeguarding all assets purchased with federal education grant funds • A written process describing how all assets are used for allowable activities under the fund source from which it was purchased • Other locally determined documentation to address the indicators

Expenditure Testing:

Not applicable for this indicator.

Monitoring Notes:

- Processes for safeguarding assets may include an inventory like Equipment Inventory or written procedures, but it is not a requirement. The process for safeguarding assets is locally determined but must include financial data, personnel data, digital data, potentially student level data, supplies, and materials, etc...
- Written processes can be created by the subrecipient at any time and are not procedures.
- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

H2. Property Management

H2A. Equipment Insurance and Inventory

Citation:

2 CFR § 200.310 Insurance coverage.

2 CFR § 200.313(d) Management requirements.

Requirement Description:

A subrecipient must, at a minimum, provide the equivalent insurance coverage for real property and equipment acquired or improved with federal funds as provided to property and equipment owned by the recipient or subrecipient. Insurance is not required for federally owned property unless required by the terms and conditions of the federal award. (310)

Regardless of whether equipment is acquired in part or its entirety under the federal award, the recipient or subrecipient must manage equipment (including replacement equipment) utilizing procedures that meet the following requirements:

(1) Property records must include a description of the property, a serial number or another identification number, the source of funding for the property (including the FAIN), the title holder, the acquisition date, the cost of the property, the percentage of the federal agency contribution towards the original purchase, the location, use, and condition of the property, and any disposition data including the date of disposal and sale price of the property. The recipient and subrecipient are responsible for maintaining and updating property records when there is a change in the status of the property.

(2) A physical inventory of the property must be conducted, and the results must be reconciled with the property records at least once every two years. (TEA recommends annually)

(3) A control system must be in place to ensure safeguards for preventing property loss, damage, or theft. Any loss, damage, or theft of equipment must be investigated. The recipient or subrecipient must notify the federal agency or pass-through entity of any loss, damage, or theft of equipment that will have an impact on the program.

(4) Regular maintenance procedures must be in place to ensure the property is in proper working condition.

(5) If the subrecipient is authorized or required to sell the property, proper sales procedures must be in place to ensure the highest possible return. (313(d))

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• **Do the subrecipient's inventory records include all the following:** 1. Description of the equipment 2. Serial number or other identification number 3. Source of funding purchasing the equipment, including FAIN or ALN as applicable 4. Name of title holder 5. Acquisition date 6. Cost of equipment 7. Percentage of federal contribution to the original cost 8. Location where the equipment is housed 9. Use of the equipment	• Equipment inventory • Date of last physical equipment inventory review and reconciliation • Investigative reports of any loss, damage, or theft of federally funded equipment • Reports submitted to TEA EDGAR Connect System for any loss, damage, or theft of federally funded equipment • Police report (at any level) for any stolen equipment • Insurance policies for federally funded equipment and similar non-federally funded equipment reflecting equivalent coverage levels

10. Condition of the equipment 11. Disposition date and sale price when applicable • Does the subrecipient conduct a physical inventory review and reconcile property records within the last two years? • Does the subrecipient have an internal control system to safeguard equipment from loss, damage, or theft and that loss, damage, or theft is investigated and reported to TEA through the EDGAR Connect System? • Does the subrecipient ensure equivalent insurance coverage is provided to federally funded equipment the same as for non-federally funded equipment?	• Other locally determined documentation to address the indicators

Expenditure Testing:

Not applicable for this indicator.

Monitoring Notes:

- The monitor will only review inventory on record that was purchased with the grant program being monitored (Source of funding purchasing the equipment).
- The eleven (11) elements of the inventory listed above may be named differently locally, i.e., Acquisition Date could be labeled purchase or date; Location could be labeled campus or district office; etc.
- Disposition date must be included on the inventory, but it will be blank if the equipment remains in use.
- Items disposed of during the grant year should remain on the inventory list for a minimum of one year with the disposition date completed. After one year you may remove the item from the active inventory if the subrecipient retains archived records of the inventory for the required five years.
- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

H2B. Equipment and/or Supplies Disposition

Citation:

2 CFR § 200.313(e) Disposition

2 CFR § 200.314(a) Supplies

Requirement Description:

When equipment acquired under a federal award is no longer needed for the original project, program, or for other activities currently or previously supported by a federal agency, the recipient or subrecipient must request disposition instructions from the federal agency or pass-through entity if required by the terms and conditions of the federal award. Disposition of the equipment will be made as follows, in accordance with federal agency or pass-through entity disposition instructions:

(1) Equipment with a current fair market value of $10,000 or less (per unit) may be retained, sold, or otherwise disposed of with no further responsibility to the federal agency or pass-through entity.

(2) Except as provided in § 200.312(b), or if the federal agency or pass-through entity fails to provide requested disposition instructions within 120 days, items of equipment with a current fair market value more than $10,000 (per-unit) may be retained or sold by the recipient or subrecipient. However, the federal agency is entitled to an amount calculated by multiplying the percentage of the federal agency's contribution towards the original purchase by the current market value or proceeds from the sale. If the equipment is sold, the federal agency or pass-through entity may permit the recipient or subrecipient to retain, from the federal share, $1,000 of the proceeds to cover expenses associated with the selling and handling of the equipment.

(3) The recipient or subrecipient may transfer title to the property to the federal government or to an eligible third party provided that the recipient or subrecipient must be entitled to compensation for its attributable percentage of the current fair market value of the property.

(4) In cases where a recipient or subrecipient fails to take appropriate disposition actions, the federal agency or pass-through entity may direct the recipient or subrecipient to take disposition actions. (313)

Title to supplies acquired under the federal award will vest upon acquisition in the recipient or subrecipient. When there is a residual inventory of unused supplies exceeding $10,000 in aggregate value at the end of the period of performance, and the supplies are not needed for any other federal award, the recipient or subrecipient may retain or sell the unused supplies. Unused supplies mean supplies that are in new condition, not having been used or opened before. The aggregate value of unused supplies consists of all supply types, not just like-item supplies. The federal agency or pass-through entity is entitled to compensation in an amount calculated by multiplying the percentage of the federal agency's or pass-through entity's contribution towards the cost of the original purchase(s) by the current market value or proceeds from the sale. If the supplies are sold, the federal agency or pass-through entity may permit the recipient or subrecipient to retain, from the federal share, $1,000 of the proceeds to cover expenses associated with the selling and handling of the supplies. (314)

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• **Does the subrecipient have a process to ensure the appropriate method of disposition is followed, when applicable (i.e., when the equipment or supplies are 1) not needed for their original purpose or 2) not needed for any other federal program)?** • If the subrecipient has disposed of equipment or supplies within the last 12 months, do they have evidence of appropriate TEA approval?	• Written process describing how the subrecipient ensures that the appropriate disposition method is followed • TEA approval forms from EDGAR Connect System • Other locally determined documentation to address the indicators

Expenditure Testing:

Not applicable for this indicator.

Monitoring Notes:

- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

I. Obligation of Funds During Period of Performance

Citation:

34 CFR § 76.707 When obligations are made

34 CFR § 76.708 When certain subgrantees may begin to obligate funds

Requirement Description:

If the obligation is for—	The obligation is made—
(a) Acquisition of real or personal property	On the date on which the State or subgrantee makes a binding written commitment to acquire the property.
(b) Personal services by an employee of the State or subgrantee	When the services are performed.
(c) Personal services by a contractor who is not an employee of the State or subgrantee	On the date on which the State or subgrantee makes a binding written commitment to obtain the services.
(d) Performance of work other than personal services	On the date on which the State or subgrantee makes a binding written commitment to obtain the work.
(e) Public utility services	When the State or subgrantee receives the services.
(f) Travel	When the travel is taken.
(g) Rental of real or personal property	When the State or subgrantee uses the property.
(h) A pre-agreement cost that was properly approved by the Secretary under the cost principles in 2 CFR part 200, subpart E	On the first day of the grant or subgrant period of performance.

(707)

The subrecipient may not obligate funds until the later of these two dates (whichever is later):

1) The date the federal funds are available for obligation (generally July 1 through the 27-month period of availability as applicable to the specific grant selected), or
2) The date the application is submitted in substantially approvable form to TEA. (708)

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• **Based on the local definition of obligation, did the subrecipient correctly obligate the selected expenditure?** • How does the subrecipient define the obligation of federal funds?	• Local definition of obligation of federal funds • Internal control procedures related to obligating federal funds.

• Does the subrecipient have internal controls to ensure obligations are made during the grant period listed on the NOGA?	• Other locally determined documentation to address the indicators

Expenditure Testing:

The monitor will review a maximum of four (4) of the 6100, 6200, or 6600 expenditures already reviewed for other indicators to determine compliance with this indicator. If the review is a flash review of 6300/6400 only, then the monitor will select up to four expenditures to review compliance for this indicator.

Monitoring Notes:

- If the subrecipient uses a Purchase Order (PO) as the method of obligation, there must be an approved local policy defining the PO as the point of obligation for federal funds. If there is no approved policy, the PO is not accepted.
- If the subrecipient is not utilizing PO as the method, or other TEA approved local definition, TEA monitors will default to a strict interpretation of the table above in the regulations.
- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

J. Compensation

J1. Compensation (Payroll) Documentation (Time and Effort)

Criteria:

2 CFR 200.430 Compensation – personal services.

Requirement Description:

(g) Standards for Documentation of Personnel Expenses (time and effort).

(1) Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

(i) Be supported by a system of internal control that provides reasonable assurance that the charges are accurate, allowable, and properly allocated;

(ii) Be incorporated into the official records of the recipient or subrecipient;

(iii) Reasonably reflect the total activity for which the employee is compensated by the recipient or subrecipient, not exceeding 100 percent of compensated activities (for IHEs, this is the IBS);

(iv) Encompass federally assisted and all other activities compensated by the recipient or subrecipient on an integrated basis but may include the use of subsidiary records as defined in the recipient's or subrecipient's written policy;

(v) Comply with the established accounting policies and procedures of the recipient or subrecipient; and

(vi) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one federal award; a federal award and non-federal award; an indirect cost activity and a direct cost activity; two or more indirect activities allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples

• **Do the four selected staff time and effort records show compliance with the subrecipient's policy?**
• Based on the subrecipient's local policy for compensation documentation, does the subrecipient maintain compensation documentation that meets the six compliance requirements?
  ○ Internal control processes for time and effort charges to ensure accuracy, allowability, and correctly allocated to the appropriate source of funds
  ○ Documentation is part of the subrecipient's records
  ○ Documentation reflecting 100% of time worked
  ○ Documentation including all activities performed by the employee, both federally funded and other
	• Time and effort documentation for the four staff members selected (per the notes below).
	• The subrecipient may provide documentation of compensation such as processes similar to periodic certifications, personnel activity reports (PAR), substitute system, local alternate systems, or blanket (mass) certifications; however, none of these types of documentation are required. The documentation provided by the subrecipient will be determined by the requirements of their local policy.
	• Other locally determined documentation to address the indicators, which might include:
	  ○ Timesheets
	  ○ Electronic attendance records
	  ○ Substitute System of Time and Effort

○ Documentation complying with accounting policy and procedures ○ Documentation reflecting cost objectives, as appropriate	○ Signed job descriptions (for Ed-Flex-covered programs only) ○ Job descriptions ○ Personnel action forms ○ Payroll authorizations with funding distribution ○ Payroll Journal ○ Salary schedules ○ Stipend agreements ○ Board approval or meeting minutes demonstrating approval of stipends, as applicable ○ Sign-in sheets or other documentation to support substitute pay and extra-duty pay

Expenditure Testing:

The subrecipient will provide a maximum of four staff members who are paid in full or in part with the selected program federal funds. Include two single cost objective staff and two multi-cost objective staff (if possible) starting with the last name starting with a letter determined by the TEA monitor and following alphabetically to generate the selection of four staff. If less than 4 staff are funded with the program fund source, the subrecipient will provide all the staff who are funded under the program grant.

Monitoring Notes:

Selection for Staff to be Reviewed:

- The subrecipient will provide a maximum of four staff members who are paid in full or in part with the selected program federal funds. Include two single cost objective staff and two multi-cost objective staff (if possible) starting with the last name starting with the letter of the alphabet provided by the TEA monitor and following alphabetically to generate the selection of four staff. If less than 4 staff are funded with the program fund source, the subrecipient will provide all the staff who are funded under the program grant.
- The monitor will verify that the subrecipient's policy meets the six compliance indicators, and the four staff member's time and effort records are following the policy.
- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

J2. Time and Effort Review and Reconciliation (actual time worked to time paid)

Citation:

2 CFR 200.430 Compensation – personal services.

Requirement Description:

(g)(1)(vii) A subrecipient system of internal controls includes processes to perform periodic after-the-fact reviews of interim charges made to a federal award based on budget estimates. All necessary adjustments must be made so that the final amount charged to the federal award is accurate, allowable, and properly allocated.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• Does the subrecipient maintain records of at least one review of time worked compared to time paid during the grant/fiscal year? • If the review crossed the end of the grant year, are compensation records reconciled at the end of the year with expenditure paid?	• Records showing at least one review of time worked to time paid during the year • Record of reconciliation process at end of year

Expenditure Testing:

Same as J1 selected.

Monitoring Notes:

- If the review does not cross the end of the grant year, the monitor is not looking at the reconciliation process in this review.
- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

K. Internal Controls

Citation:

2 CFR 200.303 Internal controls.

Requirement Description:

A subrecipient must:

(a) Establish, document, and maintain effective internal control over the federal award that provides reasonable assurance that the recipient or subrecipient is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

(b) Comply with the U.S. Constitution, federal statutes, regulations, and the terms and conditions of the federal award.

(c) Evaluate and monitor the recipient's or subrecipient's compliance with statutes, regulations, and the terms and conditions of federal awards.

(d) Take prompt action when instances of noncompliance are identified.

(e) Take reasonable cybersecurity and other measures to safeguard information including protected personally identifiable information (PII) and other types of information. This also includes information the federal agency or pass-through entity designates as sensitive or other information the recipient or subrecipient considers sensitive and is consistent with applicable federal, state, local, and tribal laws regarding privacy and responsibility over confidentiality.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• **Does the subrecipient have a documented internal control system?** • How many levels of separation of duties (review/approval) are implemented by the subrecipient? • How does the subrecipient review or evaluate and monitor its grants for compliance? • What corrective actions has the subrecipient taken when noncompliance is identified within its internal compliance reviews? Does the subrecipient have an established time to implement their corrective actions? • What cybersecurity or other measures does the subrecipient implement to safeguard information (Personally Identifiable Information (PII) and other sensitive information such as financial, student, or staff data)?	• Documented internal controls system • At minimum, documented separation of duties (required to have a minimum of two levels of review/approval) • Documented ongoing review/monitoring of compliance with grant statutes, rules, regulations, provisions, and assurances • Documented corrective actions taken when noncompliance is identified • Documented cybersecurity and other measures to safeguard PII and information • Other locally determined documentation to address the indicators

Expenditure Testing:

Not applicable for this indicator.

Monitoring Notes:

- If the subrecipient does not have a documented internal controls system, the review ends with no further monitoring questions reviewed and a finding of noncompliance for this indicator is issued.

- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

L. Allowability of Costs

Citation:

2 CFR 200.302(b)(7) Financial management.

Requirement Description:

A subrecipient must implement its written procedures for determining the allowability of costs in accordance with subpart E and the terms and conditions of the federal award.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• Does the subrecipient implement its written procedures for determining allowability of costs? • Does the subrecipient describe the process they implement, to determine that costs are allowable to be charged to the federal grant, which aligns to their written procedures for determining allowability of costs?	• Written procedure for determining allowability of costs to be charged to federal grant awards • Evidence of implementation of the procedures on the selected costs reviewed • Other locally determined documentation to address the indicators

Expenditure Testing:

The monitor will review a maximum of four (4) expenditures already reviewed for other indicators to determine compliance with this indicator.

Monitoring Notes:

- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

M. Fiscal Agent for a Shared Service Arrangement (SSA)

This indicator is only applicable when the organization being reviewed serves as a fiscal agent for an SSA for the program which is being reviewed.

Citation:

TEA General and Fiscal Guidelines, Shared Services Arrangements (SSAs) Section

Requirement Description:

A shared services arrangement (SSA) is an agreement between two or more school districts, open enrollment charter schools, and/or ESCs.

In every SSA, a fiscal agent must be designated to be ultimately responsible for compliance with grant requirements and conducting administrative duties.

A formal written SSA agreement (described below) must be signed by the fiscal agent and SSA member and outlines the responsibilities of both the fiscal agent and the member.

A consortium between school systems and/or ESCs for the purposes of applying for and expending grant funding is considered an SSA and subject to the guidance in this section. As an SSA, such a consortium must have a written agreement signed by the fiscal agent and member entities.

In addition to responsibilities outlined in the written SSA agreement, the fiscal agent is responsible for the following:

- Ensuring that funds are used in accordance with all grant provisions
- Maintaining all SSA financial and personnel records required for TEA, in accordance with Financial Accounting and Reporting (FAR)
- Managing the SSA in accordance with federal statute(s) and regulations

Written SSA Agreement

When two or more school districts, open-enrollment charter schools, or ESCs enter into an SSA, a formal written agreement is required that defines the composite entity and describes the responsibilities of its fiscal agent and of each SSA member. The responsibility for compliance belongs to the fiscal agent receiving the subgrant award. The SSA agreement must define the roles and responsibilities of the fiscal agent and the member districts, including responsibility for the policies and procedures, and be signed by all participating entities. This signed, written agreement is a binding contractual agreement between the fiscal agent and each member. TEA does not review the written agreement.

The signed written agreements must be on file by the fiscal agent for audit and monitoring purposes.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• **Does the fiscal agent maintain copies of signed (by both parties) written SSA agreements for every member?** • Does the written SSA agreement outline the responsibilities of both the fiscal agent and the members? • Does the fiscal agent maintain all required records of the SSA?	• Written, signed SSA agreements for each member • SSA personnel and financial records • Other locally determined documentation to address the indicator

Expenditure Testing:

Not applicable for this indicator.

Monitoring Notes:

- The SSA agreement must be signed by the authorized officials of both the fiscal agent and the member. Each member must have a signed SSA agreement on file with the fiscal agent.
- The SSA agreement may require further responsibilities and records to be maintained by the fiscal agent.
- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

Program-Specific Indicators

The following program-specific indicators will be reviewed for all full fiscal and flash reviews, based on the grant program selected. See Monitoring Review Indicators Matrix above.

TIPA-1. Reservation of Funds

Citation:

ESSA P.L. 114-95 Sec. 1113 and 1116

Requirement Description:

A subrecipient must reserve such funds as necessary under this part, determined in accordance with subparagraphs (B) and (C), to provide services comparable to those provided to children in schools funded under this part to serve—

(i) homeless children and youths, including providing educationally related support services to children in shelters and other locations where children may live.

(ii) children in local institutions for neglected children; and

(iii) if appropriate, children in local institutions for delinquent children, and neglected or delinquent children in community day programs. (Sec. 1113)

Each local educational agency shall reserve at least 1 percent of its allocation under subpart 2 to assist schools to carry out the activities described in this section [parent family engagement activities], except that this subparagraph shall not apply if 1 percent of such agency's allocation… is $5,000 or less (also stated in TEA guidance as the LEA's allocation is $500,000 or less). Nothing in this subparagraph shall be construed to limit local educational agencies from reserving more than 1 percent of its allocation under subpart 2 to assist schools in carrying out activities described in this section. (Sec. 1116)

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• Does the subrecipient reserve appropriate funds for homeless children and youth; neglected children, and delinquent children? • Does the subrecipient reserve a minimum of 1% of funds for parent family engagement activities, unless the 1% amount is $5,000 or less (or the LEA's allocation is $500,000 or less) where the LEA is exempt from this reservation requirement?	• TIPA Homeless Reservation Worksheet, or equivalent • Chart of accounts with specific account codes for reserved funds • General ledger separately accounting for funds reserved in accordance with the PS3101 of the grant application • Other locally determined documentation to address the indicators

Expenditure Testing:

Expenditures in the General Ledger charged to Title I, Part A, will be reviewed to ensure the funds are budgeted/expended for the reservations as outlined in PS3101.

Monitoring Notes:

The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

TIPA-2. Eligible Attendance Areas

Citation:

ESSA P.L. 114-95 Sec. 1113

Requirement Description:

A subrecipient must use funds received under this part only in eligible school attendance areas.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• Does the subrecipient ensure only eligible school attendance areas are served with Title I, Part A grant funds?	• General ledger demonstrating that only eligible campuses are being served with grant funds in accordance with the SC5000 in the grant application • Other locally determined documentation to address the indicators

Expenditure Testing:

Expenditures in the General Ledger charged to Title I, Part A, will be reviewed to ensure the funds are only expended on eligible Title I, Part A campuses.

Monitoring Notes:

- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

TIPA-3. Schoolwide Programs

Citation:

ESSA P.L. 114-95 Sec. 1114

Requirement Description:

A subrecipient may consolidate and use funds under this part, together with other federal, state, and local funds, in order to upgrade the entire educational program of a school that serves an eligible school attendance area in which not less than 40 percent of the children are from low-income families, or not less than 40 percent of the children enrolled in the school are from such families.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• If the subrecipient operates a schoolwide program, how do you ensure that federal funds are used to meet the intent and purpose of the Title I, Part A program? • Are activities paid for with Schoolwide funds identified in the Campus Improvement Plan?	• SC5000 from the grant application reflecting Schoolwide campuses • General ledger demonstrating expenditures on Schoolwide campuses • Campus Improvement Plans • Chart of Accounts, General Ledger, Payroll Journal, and other financial system reports or records that demonstrate compliance for accounting expenditures of federal funds • Other locally determined documentation to address the indicators

Expenditure Testing:

Expenditures in the General Ledger charged to Title I, Part A Schoolwide campuses will be reviewed to ensure the activity is included in the Campus Improvement Plan

Monitoring Notes:

- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

TIPA-4. Targeted Assistance Programs

Citation:

ESSA P.L. 114-95 Sec. 1115

Requirement Description:

A subrecipient may use funds received under this part only for programs to serve eligible children at schools that are ineligible for a schoolwide program or have not received a waiver to operate a schoolwide program.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• If the subrecipient operates a targeted assistance program, how do you ensure that federal funds are only used to provide supplemental services to eligible students?	• SC5000 from the grant application reflecting Targeted Assistance Program campuses • Campus Improvement Plan • Eligibility indicators • Ranking of students to determine eligibility • Chart of Accounts, General Ledger, Payroll Journal, and other financial system reports or records that demonstrate compliance for accounting expenditures of federal funds • Other locally determined documentation to address the indicators

Expenditure Testing:

Expenditures in the General Ledger charged to Title I, Part A Targeted Assistance Program campuses will be reviewed to ensure the funds are only expended on eligible students.

Monitoring Notes:

- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

TIPA-5. Supplement, Not Supplant

Citation:

ESSA P.L. 114-95 Sec. 1118(b)

Requirement Description:

A subrecipient must 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 non-federal sources for the education of students participating in programs assisted under this part, and not to supplant such funds.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• Does the subrecipient have an appropriate Title I SNS methodology or a statement of Exemption?	• Documentation demonstrating that federal funds were supplemental: • Title I Methodology Document, or • Exemption Statement

Expenditure Testing:

Not applicable for this indicator.

Monitoring Notes:

- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

TIPA-6. Equitable Services to Private Schools

Citation:

ESSA P.L. 114-95 Sec. 1117 Participation of children enrolled in private schools.

Requirement Description:

To the extent consistent with the number of eligible students enrolled in private schools in the area, the subrecipient shall provide, on an equitable basis, special educational services or other benefits that address their needs under the Title I, Part A grant program, to eligible students enrolled in private schools.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• Does the subrecipient serve private school students or teachers with federal funds? • Did the subrecipient separately account for funds reserved for private school participation? • Did the subrecipient conduct the required consultation for private school participation? • How does the subrecipient ensure that the school system maintains the title to materials, equipment, and property purchased with federal funds? • How does the subrecipient ensure materials purchased with federal funds are secular, neutral, and nonideological? • Are the Affirmations of Consultation collected from each private school?	• Private school participation consultation records • Records of equipment purchased for PNP(s) demonstrating that the subrecipient maintained the title to materials, equipment, and property • Supporting documentation demonstrating that materials purchased with federal funds are secular, neutral, and nonideological • Financial records, including specific account codes and/or local option codes used for recording appropriations and/or expenditures, that support information in the grant application • Affirmations of Consultation with Private School Officials

Expenditure Testing:

Expenditures on the General Ledger will be reviewed.

Monitoring Notes:

- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

TIPC-1. Supplement, Not Supplant

Citation:

ESSA P.L. 114-95 Sec. 1304(c) and 1306(b)

ESSA P.L. 114-95 Sec. 1118

Requirement Description:

Such programs and projects will be carried out in a manner consistent with the objectives of … subsections (b) and (c) of section 1118. (1304)

Funds made available under this subpart shall be used to supplement, and not supplant, non-federal funds that would otherwise be used for activities authorized under this subpart. (1118)

Monitoring Questions for Determining Compliance	Supporting Documentation Examples

• Are the funds supplemental to state and local funds?
• Are any presumptions of supplanting refuted?
	• Documentation demonstrating that federal funds were supplemental:
	  ○ Not replacing state or local funds that would otherwise be used for activities authorized under this subpart; and/or
	  ○ Enhance, expand, or extend required activities
	• Documentation demonstrating that federal funds were not used to supplant or provide:
	  ○ Services that were required under state or local law
	  ○ Services that were provided with state or local funds in the prior school year
	  ○ Same services to students participating in a program funded by federal dollars that are provided to non-participating students using state or local funds
	• Any determination about supplanting is specific to the individual situation, and general guidelines cannot be provided to meet the details of any situation. Other locally determined documentation addresses the indicators such as, but not limited to:
	  ○ Fiscal or programmatic documentation to confirm that, in the absence of federal funds, the grantee would have eliminated staff or other services in question
	  ○ Board minutes/agendas with discussion of elimination of staff due to lack of state funds
	  ○ State or local legislative actions
	  ○ Itemized budget histories from one year to the next and supporting information

	○ Planning documents ○ Actual reduction in state or local funds ○ Decision to eliminate position or services was made without regard to the availability of federal funds, including the reason the decision was made ○ Class-size data from previous years and upcoming years ○ Specific policies and procedures related to SNS requirements

Expenditure Testing:

Expenditures in the General Ledger will be reviewed to determine whether the funds are supplemental.

Monitoring Notes:

- A presumption of supplanting may be refuted by producing contrary evidence or logical reasoning sufficient to convince the monitor that the presumption is not accurate.
- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

TIPC-2. Equitable Services to Private Schools

Citation:

ESSA P.L. 114-95 Sec. 8501 Participation by private school children and teachers.

Requirement Description:

(a) Private School Participation—

(1) In General.—Except as otherwise provided in this Act, to the extent consistent with the number of eligible children in areas served by a state educational agency, local educational agency, educational service agency, consortium of those agencies, or another entity receiving financial assistance under a program specified in subsection (b), who are enrolled in private elementary schools and secondary schools in areas served by such agency, consortium, or entity, the agency, consortium, or entity shall, after timely and meaningful consultation with appropriate private school officials provide to those children and their teachers or other educational personnel, on an equitable basis, special educational services or other benefits that address their needs under the program.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• Does the subrecipient serve private school students or teachers with federal funds? • Did the subrecipient separately account for funds reserved for private school participation? • Did the subrecipient conduct the required consultation for private school participation? • How does the subrecipient ensure that the school system maintains the title to materials, equipment, and property purchased with federal funds? • How does the subrecipient ensure materials purchased with federal funds are secular, neutral, and nonideological? • Are the Affirmations of Consultation collected from each private school?	• Private school participation consultation records • Records of equipment purchased for PNP(s) demonstrating that the subrecipient maintained the title to materials, equipment, and property • Supporting documentation demonstrating that materials purchased with federal funds are secular, neutral, and nonideological • Financial records, including specific account codes and/or local option codes used for recording appropriations and/or expenditures, that support information in the grant application • Affirmations of Consultation with Private School Officials

Expenditure Testing:

Expenditures on the General Ledger will be reviewed.

Monitoring Notes:

The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

T2A-1. Supplement, Not Supplant

Citation:

ESSA P.L. 114-95 Sec. 2301

Requirement Description:

Funds made available under this subpart shall be used to supplement, and not supplant, non-federal funds that would otherwise be used for activities authorized under this subpart.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples

• Are the funds supplemental to state and local funds, with focus on funds utilized for professional development activities?
• Are any presumptions of supplanting refuted?
	• Documentation demonstrating that federal funds were supplemental:
	  o Not replacing state or local funds that would otherwise be used for activities authorized under this subpart; and/or
	  o Enhance, expand, or extend required activities
	• Documentation demonstrating that federal funds were not used to supplant or provide:
	  o Services that were required under state or local law
	  o Services that were provided with state or local funds in the prior school year
	  o Same services to students participating in a program funded by federal dollars that are provided to non-participating students using state or local funds
	• Any determination about supplanting is specific to the individual situation, and general guidelines cannot be provided to meet the details of any situation. Other locally determined documentation addresses the indicators such as, but not limited to:
	  o Fiscal or programmatic documentation to confirm that, in the absence of federal funds, the grantee would have eliminated staff or other services in question
	  o Board minutes/agendas with discussion of elimination of staff due to lack of state funds
	  o State or local legislative actions • Itemized budget histories from one year to the next and supporting information
	  o Planning documents
	  o Actual reduction in state or local funds
	  o Decision to eliminate position or services was made without regard to the availability of federal funds,

	including the reason the decision was made ○ Class-size data from previous years and upcoming years ○ Specific policies and procedures related to SNS requirements
Expenditure Testing: Expenditures in the General Ledger will be reviewed to determine whether the funds are supplemental.	
Monitoring Notes: A presumption of supplanting may be refuted by producing contrary evidence or logical reasoning sufficient to convince the monitor that the presumption is not accurate. The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.	

T2A-2. Equitable Services to Private Schools

Citation:

ESSA P.L. 114-95 Sec. 8501 Participation by private school children and teachers.

Requirement Description:

(a) Private School Participation—

(1) In General.—Except as otherwise provided in this Act, to the extent consistent with the number of eligible children in areas served by a state educational agency, local educational agency, educational service agency, consortium of those agencies, or another entity receiving financial assistance under a program specified in subsection (b), who are enrolled in private elementary schools and secondary schools in areas served by such agency, consortium, or entity, the agency, consortium, or entity shall, after timely and meaningful consultation with appropriate private school officials provide to those children and their teachers or other educational personnel, on an equitable basis, special educational services or other benefits that address their needs under the program.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• Does the subrecipient serve private school students or teachers with federal funds? • Did the subrecipient separately account for funds reserved for private school participation? • Did the subrecipient conduct the required consultation for private school participation? • How does the subrecipient ensure that the school system maintains the title to materials, equipment, and property purchased with federal funds? • How does the subrecipient ensure materials purchased with federal funds are secular, neutral, and nonideological? • Are the Affirmations of Consultation collected from each private school?	• Private school participation consultation records • Records of equipment purchased for PNP(s) demonstrating that the subrecipient maintained the title to materials, equipment, and property • Supporting documentation demonstrating that materials purchased with federal funds are secular, neutral, and nonideological • Financial records, including specific account codes and/or local option codes used for recording appropriations and/or expenditures, that support information in the grant application • Affirmations of Consultation with Private School Officials

Expenditure Testing:

Expenditures on the General Ledger will be reviewed.

Monitoring Notes:

- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

T3A-1. Supplement, Not Supplant

Citation:

ESSA P.L. 114-95 Sec. 3115(g)

Requirement Description:

Federal funds made available under Title III, Part A shall be used so as to supplement the level of federal, state, and local public funds that, in the absence of such availability, would have been expended for programs for children who are English learners and immigrant children and youth and in no case to supplant such federal, state, and local public funds.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples

• Are the funds supplemental to other federal, state, and local funds, with a focus on professional development activities?
• Are any presumptions of supplanting refuted?
	• Documentation demonstrating that federal funds were supplemental:
	  ○ Not replacing state or local funds that would otherwise be used for activities authorized under this subpart; and/or
	  ○ Enhance, expand, or extend required activities
	• Documentation demonstrating that federal funds were not used to supplant or provide:
	  ○ Services that were required under state or local law
	  ○ Services that were provided with state or local funds in the prior school year
	  ○ Same services to students participating in a program funded by federal dollars that are provided to non-participating students using state or local funds
	• Any determination about supplanting is specific to the individual situation, and general guidelines cannot be provided to meet the details of any situation. Other locally determined documentation addresses the indicators such as, but not limited to:
	  ○ Fiscal or programmatic documentation to confirm that, in the absence of federal funds, the grantee would have eliminated staff or other services in question
	  ○ Board minutes/agendas with discussion of elimination of staff due to lack of state funds
	  ○ State or local legislative actions
	  ○ Itemized budget histories from one year to the next and supporting information
	  ○ Planning documents
	  ○ Actual reduction in state or local funds

	○ Decision to eliminate position or services was made without regard to the availability of federal funds, including the reason the decision was made ○ Class-size data from previous years and upcoming years ○ Specific policies and procedures related to SNS requirements

Expenditure Testing:

Expenditures in the General Ledger will be reviewed to determine whether the funds are supplemental.

Monitoring Notes:

- A presumption of supplanting may be refuted by producing contrary evidence or logical reasoning sufficient to convince the monitor that the presumption is not accurate.
- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

T3A-2. Equitable Services to Private Schools

Citation:

ESSA P.L. 114-95 Sec. 8501 Participation by private school children and teachers.

Requirement Description:

(a) Private School Participation—

(1) In General.—Except as otherwise provided in this Act, to the extent consistent with the number of eligible children in areas served by a state educational agency, local educational agency, educational service agency, consortium of those agencies, or another entity receiving financial assistance under a program specified in subsection (b), who are enrolled in private elementary schools and secondary schools in areas served by such agency, consortium, or entity, the agency, consortium, or entity shall, after timely and meaningful consultation with appropriate private school officials provide to those children and their teachers or other educational personnel, on an equitable basis, special educational services or other benefits that address their needs under the program.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• Does the subrecipient serve private school students or teachers with federal funds? • Did the subrecipient separately account for funds reserved for private school participation? • Did the subrecipient conduct the required consultation for private school participation? • How does the subrecipient ensure that the school system maintains the title to materials, equipment, and property purchased with federal funds? • How does the subrecipient ensure materials purchased with federal funds are secular, neutral, and nonideological? • Are the Affirmations of Consultation collected from each private school?	• Private school participation consultation records • Records of equipment purchased for PNP(s) demonstrating that the subrecipient maintained the title to materials, equipment, and property • Supporting documentation demonstrating that materials purchased with federal funds are secular, neutral, and nonideological • Financial records, including specific account codes and/or local option codes used for recording appropriations and/or expenditures, that support information in the grant application • Affirmations of Consultation with Private School Officials

Expenditure Testing:

Expenditures on the General Ledger will be reviewed.

Monitoring Notes:

- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

T4A-1. Supplement, Not Supplant

Citation:

ESSA P.L. 114-95 Sec. 4110

Requirement Description:

Funds made available under Title IV, Part A shall be used to supplement, and not supplant, non-federal funds that would otherwise be used for activities authorized under this subpart.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples

• Are the funds supplemental to state and local funds?
• Are any presumptions of supplanting refuted?
	• Documentation demonstrating that federal funds were supplemental:
	  ○ Not replacing state or local funds that would otherwise be used for activities authorized under this subpart; and/or
	  ○ Enhance, expand, or extend required activities
	• Documentation demonstrating that federal funds were not used to supplant or provide:
	  ○ Services that were required under state or local law
	  ○ Services that were provided with state or local funds in the prior school year
	  ○ Same services to students participating in a program funded by federal dollars that are provided to non-participating students using state or local funds
	• Any determination about supplanting is specific to the individual situation, and general guidelines cannot be provided to meet the details of any situation. Other locally determined documentation addresses the indicators such as, but not limited to:
	  ○ Fiscal or programmatic documentation to confirm that, in the absence of federal funds, the grantee would have eliminated staff or other services in question
	  ○ Board minutes/agendas with discussion of elimination of staff due to lack of state funds
	  ○ State or local legislative actions
	  ○ Itemized budget histories from one year to the next and supporting information
	  ○ Planning documents
	  ○ Actual reduction in state or local funds
	  ○ Decision to eliminate position or services was made

	without regard to the availability of federal funds, including the reason the decision was made ○ Class-size data from previous years and upcoming years ○ Specific policies and procedures related to SNS requirements

Expenditure Testing:

Expenditures in the General Ledger will be reviewed to determine whether the funds are supplemental.

Monitoring Notes:

- A presumption of supplanting may be refuted by producing contrary evidence or logical reasoning sufficient to convince the monitor that the presumption is not accurate.
- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

T4A-2. Equitable Services to Private Schools

Citation:

ESSA P.L. 114-95 Sec. 8501 Participation by private school children and teachers.

Requirement Description:

(a) Private School Participation—

(1) In General.—Except as otherwise provided in this Act, to the extent consistent with the number of eligible children in areas served by a state educational agency, local educational agency, educational service agency, consortium of those agencies, or another entity receiving financial assistance under a program specified in subsection (b), who are enrolled in private elementary schools and secondary schools in areas served by such agency, consortium, or entity, the agency, consortium, or entity shall, after timely and meaningful consultation with appropriate private school officials provide to those children and their teachers or other educational personnel, on an equitable basis, special educational services or other benefits that address their needs under the program.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• Does the subrecipient serve private school students or teachers with federal funds? • Did the subrecipient separately account for funds reserved for private school participation? • Did the subrecipient conduct the required consultation for private school participation? • How does the subrecipient ensure that the school system maintains the title to materials, equipment, and property purchased with federal funds? • How does the subrecipient ensure materials purchased with federal funds are secular, neutral, and nonideological? • Are the Affirmations of Consultation collected from each private school	• Private school participation consultation records • Records of equipment purchased for PNP(s) demonstrating that the subrecipient maintained the title to materials, equipment, and property • Supporting documentation demonstrating that materials purchased with federal funds are secular, neutral, and nonideological • Financial records, including specific account codes and/or local option codes used for recording appropriations and/or expenditures, that support information in the grant application • Affirmations of Consultation with Private School Officials

Expenditure Testing:

Expenditures on the General Ledger will be reviewed.

Monitoring Notes:

- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

T4A-3. Required Activities

Citation:

ESSA P.L. 114-95 Sec. 4106(d) and (e)(2) Local educational agency applications.

Requirement Description:

LEAs receiving more than $30,000 must conduct a comprehensive needs assessment and use the results to justify spending requests in all three program areas in the following way:

- at least 20 percent for Well Rounded Education (WRE),
- at least 20 percent for Safe and Healthy Schools (SHS), and
- some portion for Effective Use of Technology (EUT), with no more than 15 percent of EUT funds on technology infrastructure purchases

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• Does the subrecipient receive over $30,000 under this fund source? • If yes, was the comprehensive needs assessment conducted once in the last three years? • Are the applicable set-asides for WRE, SHS, and EUT identified in organizational records?	• Grant NOGA indication award amount • Comprehensive needs assessment (when receiving an allocation of at least $30,000 in grant funds) • Chart of accounts, general ledger, and other financial reports or records that demonstrate that funds were allocated as required • Other locally determined documentation to address the indicators

Expenditure Testing:

General Ledger and other applicable local financial records will be reviewed.

Monitoring Notes:

- If the subrecipient receives less than $30,000 in grant funds, this indicator is not applicable, and no further review is conducted.
- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

RLIS-1. Supplement, Not Supplant

Citation:

ESSA P.L. 114-95 Sec. 5232

Requirement Description:

Funds made available under subpart 1 or subpart 2 shall be used to supplement, and not supplant, any other federal, state, or local education funds.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples

• Are the funds supplemental to federal, state, and local funds?
• Are any presumptions of supplanting refuted?
	• Documentation demonstrating that federal funds were supplemental:
	  ○ Not replacing state or local funds that would otherwise be used for activities authorized under this subpart; and/or
	  ○ Enhance, expand, or extend required activities
	• Documentation demonstrating that federal funds were not used to supplant or provide:
	  ○ Services that were required under state or local law
	  ○ Services that were provided with state or local funds in the prior school year
	  ○ Same services to students participating in a program funded by federal dollars that are provided to non-participating students using state or local funds
	• Any determination about supplanting is specific to the individual situation, and general guidelines cannot be provided to meet the details of any situation. Other locally determined documentation addresses the indicators such as, but not limited to:
	  ○ Fiscal or programmatic documentation to confirm that, in the absence of federal funds, the grantee would have eliminated staff or other services in question
	  ○ Board minutes/agendas with discussion of elimination of staff due to lack of state funds
	  ○ State or local legislative actions
	  ○ Itemized budget histories from one year to the next and supporting information
	  ○ Planning documents
	  ○ Actual reduction in state or local funds
	  ○ Decision to eliminate position or services was made

	without regard to the availability of federal funds, including the reason the decision was made ○ Class-size data from previous years and upcoming years ○ Specific policies and procedures related to SNS requirements

Expenditure Testing:

Expenditures in the General Ledger will be reviewed to determine whether the funds are supplemental.

Monitoring Notes:

- A presumption of supplanting may be refuted by producing contrary evidence or logical reasoning sufficient to convince the monitor that the presumption is not accurate.
- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

IDEA-1. Services to Private Schools

Citation:

34 CFR 300.141 Requirement that funds do not benefit a private school

Requirement Description:

(b) The LEA must use funds provided under Part B of the Act to meet the special education and related services needs of parentally-placed private school children with disabilities, but *not* for meeting—

(1) The needs of a private school; or

(2) The general needs of the students enrolled in the private school.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples
• Does the subrecipient serve private school students' special education and related services needs of parentally placed private school children with federal funds? • If yes, does the subrecipient separately account for funds reserved for private school participation? • How does the subrecipient ensure that the school system maintains the title to materials, equipment, and property purchased with federal funds? • How does the subrecipient ensure materials purchased with federal funds are secular, neutral, and nonideological?	• Records of equipment purchased for PNP(s) demonstrating that the subrecipient maintained the title to materials, equipment, and property • Supporting documentation demonstrating that materials purchased with federal funds are secular, neutral, and nonideological • Financial records, including specific account codes and/or local option codes used for recording appropriations and/or expenditures, that support information in the grant application

Expenditure Testing:

Expenditures on the General Ledger will be reviewed.

Monitoring Notes:

- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

Perkins-1. Supplement, Not Supplant

Citation:

P.L. 115-224, Title II, Part A, Section 211(a)

Requirement Description:

Funds made available under Perkins V for career and technical education activities shall supplement, and shall not supplant, non-federal funds expended to carry out career and technical education activities

Monitoring Questions for Determining Compliance	Supporting Documentation Examples

• Are the funds supplemental to state and local funds?
• Are any presumptions of supplanting refuted?
	• Documentation demonstrating that federal funds were supplemental:
	  ○ Not replacing state or local funds that would otherwise be used for activities authorized under this subpart; and/or
	  ○ Enhance, expand, or extend required activities
	• Documentation demonstrating that federal funds were not used to supplant or provide:
	  ○ Services that were required under state or local law
	  ○ Services that were provided with state or local funds in the prior school year
	  ○ Same services to students participating in a program funded by federal dollars that are provided to non-participating students using state or local funds
	• Any determination about supplanting is specific to the individual situation, and general guidelines cannot be provided to meet the details of any situation. Other locally determined documentation addresses the indicators such as, but not limited to:
	  ○ Fiscal or programmatic documentation to confirm that, in the absence of federal funds, the grantee would have eliminated staff or other services in question
	  ○ Board minutes/agendas with discussion of elimination of staff due to lack of state funds
	  ○ State or local legislative actions
	  ○ Itemized budget histories from one year to the next and supporting information
	  ○ Planning documents
	  ○ Actual reduction in state or local funds
	  ○ Decision to eliminate position or services was made

	without regard to the availability of federal funds, including the reason the decision was made ○ Class-size data from previous years and upcoming years ○ Specific policies and procedures related to SNS requirements

Expenditure Testing:

Expenditures in the General Ledger will be reviewed to determine whether the funds are supplemental.

Monitoring Notes:

- A presumption of supplanting may be refuted by producing contrary evidence or logical reasoning sufficient to convince the monitor that the presumption is not accurate.
- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.

McKV-1. Supplement, Not Supplant

Citation:

42 United States Code, Section 11433(a)(2)(A)(iii)

Requirement Description:

Services…shall be designed to expand or improve services provided as part of a school's regular academic program, but not to replace such services provided under such program.

Monitoring Questions for Determining Compliance	Supporting Documentation Examples

• Are the funds supplemental to state and local funds?
• Are any presumptions of supplanting refuted?
Note: Title I, Part A, and Migrant services may be required to be funded from those fund sources when provided as part of the McKinney-Vento program.
	• Documentation demonstrating that federal funds were supplemental:
	  ○ Not replacing state or local funds that would otherwise be used for activities authorized under this subpart; and/or
	  ○ Enhance, expand, or extend required activities
	• Documentation demonstrating that federal funds were not used to supplant or provide:
	  ○ Services that were required under state or local law
	  ○ Services that were provided with state or local funds in the prior school year
	  ○ Same services to students participating in a program funded by federal dollars that are provided to non-participating students using state or local funds
	• Any determination about supplanting is specific to the individual situation, and general guidelines cannot be provided to meet the details of any situation. Other locally determined documentation addresses the indicators such as, but not limited to:
	  ○ Fiscal or programmatic documentation to confirm that, in the absence of federal funds, the grantee would have eliminated staff or other services in question
	  ○ Board minutes/agendas with discussion of elimination of staff due to lack of state funds
	  ○ State or local legislative actions
	  ○ Itemized budget histories from one year to the next and supporting information
	  ○ Planning documents
	  ○ Actual reduction in state or local funds
	  ○ Decision to eliminate position or services was made

	without regard to the availability of federal funds, including the reason the decision was made ○ Class-size data from previous years and upcoming years ○ Specific policies and procedures related to SNS requirements

Expenditure Testing:

Expenditures in the General Ledger will be reviewed to determine whether the funds are supplemental.

Monitoring Notes:

- A presumption of supplanting may be refuted by producing contrary evidence or logical reasoning sufficient to convince the monitor that the presumption is not accurate.
- The monitor may review any documentation provided by the subrecipient to determine compliance with this indicator.