

The background of the slide is an aerial photograph. The top half shows a city skyline with several tall buildings, including a prominent one with a glass facade, under a blue sky with scattered clouds. The bottom half shows a river flowing through a city, with green trees on the banks and a small dock with colorful umbrellas. A large white rectangular box is overlaid in the center, containing the title and subtitle.

# How to Avoid Audit Findings

Federal Fiscal Monitoring Division (FFM)

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- Annual Risk Assessment
- Results from previous reviews
- Review process and timeline
- Policies & Procedures
- Financial Management
- Payroll
- Nonpayroll
- Questions?

# Annual Risk Assessment

# Federal Risk Assessment Requirement

- TEA is required to have a framework in place for evaluating the risks posed by applicants before Federal awards are received.
- TEA Federal Fiscal Monitoring (FFM) performs the risk assessment annually.

# What Entities do we include in Risk Assessment?

- LEAs - ISDs and Charter Schools
- ESCs
- Non-LEAs – e.g. Communities in Schools, Boys and Girls Clubs and other non-profits



## Factors TEA considers in designing the risk assessment plan

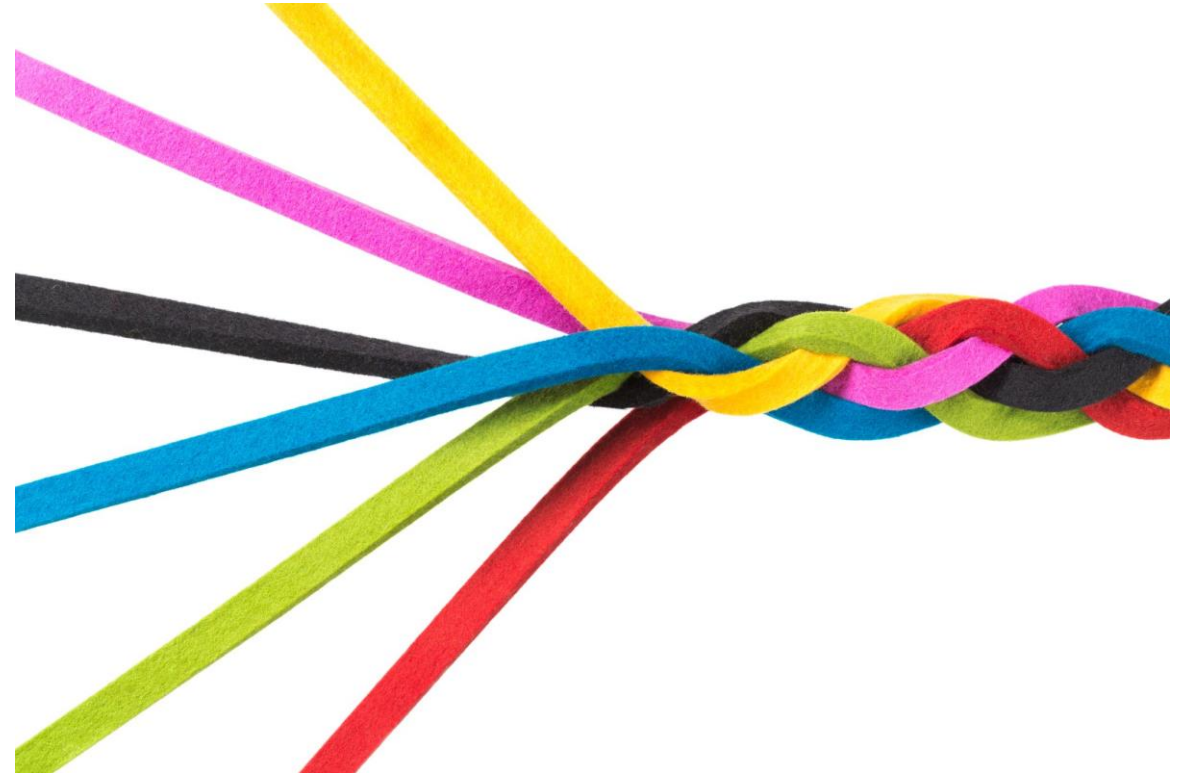
Financial stability

Quality of financial management system

History of performance

Results of audit reports

Applicant's ability to effectively  
implement program



# Data used to determine risk factors

- Submission of Annual Financial Reports/Single Audit reports in a timely manner
- Results of single audits (>\$750k in federal expenditures)
- Repeat findings
- Funding levels from all sources
- Referrals from other departments of TEA
- History of managing grant funds
  - e.g. Recently organized or reorganized entities (new charters for example)

# FY2021 Risk Assessment Results

## Total FY 2021 Risk Ranking by Entity Type

Risk Level	Total	Percent of Total	LEA	ESC	Non-LEA
High	69	6%	65	3	1
Medium	574	45%	543	1	30
Low	625	49%	590	16	19
<b>TOTAL</b>	<b>1,268</b>	<b>100.00%</b>	<b>1,198</b>	<b>20</b>	<b>50</b>

# Who uses the FFM risk assessment results?

- Grants Division – Differentiated Grant Negotiation based on risk level.
- FFM – Used to select grantees for subrecipient monitoring.
- FFM – What level of detail to use to monitor grantees at different levels of risk.
- FFM – Which program requirements to monitor.



# Results from previous reviews

# Data from Previous Three Years



Range of Total Desk and Onsite Reviews:  $\approx 100$

Range of Total Findings and Observations: 350-400

Average Total Preliminary Questioned Costs:  
 $\approx \$700,000.00$

Average Percentage of Questioned Costs  
Resolved:  $\approx 90\%$

# Average Percentage of Findings by Category

Finding Category	Avg. Percentage
Allowability of Costs (Payroll and Nonpayroll)	≈42%
Procurement	≈23%
Financial Management System	≈15%
Budgetary Controls	≈8%
Obligation of Funds	≈7%
Compliance with Grant Specific Requirement	≈3%
Cash Management	≈2%

# Percentage of Procurement Findings by Category

Procurement Finding Category	Avg. Percentage
Micro-purchase:	≈9%
Small Purchase:	≈56%
Competitive Bidding:	≈9%
Competitive proposals:	≈4%
Non-competitive proposals (sole source):	≈22%

# Review process and timeline

# FFM Monitoring Objectives



- Ensure financial management system has strong internal controls
- Ensure selected expenditures are allowable
- Address questions, concerns, observations, etc., during the review
- Ensure “real-time” adjustments comply with all federal grants

# Audit Timeline



## Jan-Feb

### Engagement Letter:

- Monitoring Notification
- APM
- General Ledgers
- Payroll Journals
- Grant Specific



## Mar-Apr

### Second Letter:

- Request supporting documentation
- Invoices
- Contracts
- Time & Effort
- Procurement



## May-Aug

### Preliminary Report:

- Present initial findings and observations
- Auditee reviews and responds
- Work together to resolve findings



## Sep-Oct

### Final Report

- Concludes the audit process
- Unresolved findings are sent to enforcement officer
- Remaining questioned costs returned to TEA

# Policies & Procedures

# Policies and Procedures Requirements

- Locally developed and approved by the board
- Must align to the federal standards (2 CFR 200)
  - Should vs Must
- **Policies and Procedures required by EDGAR must be written**

# Catalog of Required Written Procedures

- Conflict of Interest: (2 CFR 200.318(c)(1))
- Cash Management: (2 CFR 200.302(b)(6) and 200.305)
- Procurement Specification Requirements: (2 CFR 200.319(c)(1)(2))
- Procurement Evaluation Procedures: (2 CFR 200.320(d)(3)) → 2 CFR 200.320(b)(2)(ii)
- Allowable Cost: (2 CFR 200.302(b)(7))
- Travel Policy: (2 CFR 200.474(a)(b)) → 2 CFR 200.475(a)(b)



# Policies & Procedures = Game Plan

Use policies and procedures as a “game plan” and “road map”

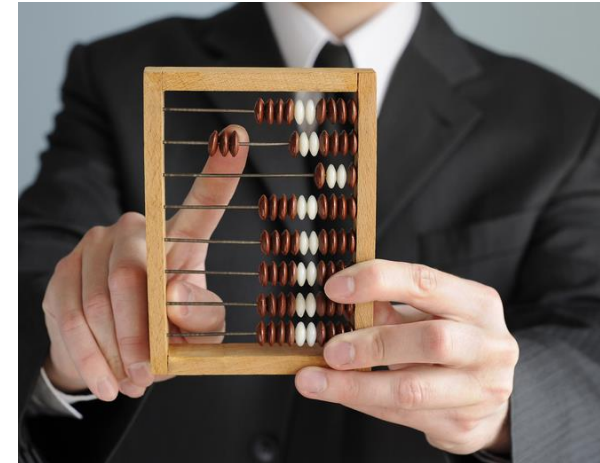
## Implementation pitfalls:

- Lack of tailoring policies and procedures
- Lack of training for all personnel
- Lack of updating



# Financial Management

- **Accounting software and reporting**
  - Capture and retain financial data in the required format (FASRG)
- **Create general ledgers that include information about:**
  - Appropriations
  - Encumbrances
  - Description of Transactions
  - Expenditures
  - Balances



# Financial Management Testing

- Review the General Ledger
- Reconcile Budgets
- Cash Management (Reimbursements)
- Supporting Entries in the Payroll Journal

# FMT: Budget Reconciliation

- TEA Approved Budget**

2019-2020 ESSA Consolidated Federal Grant Application					
Program Budget					
BS6001 - Program Budget Summary and Support					

Statutory Authority: Elementary and Secondary Education Act of 1965, as amended by Every Student Succeeds Act

## Part 2: Budgeted Costs

Budgeted Costs					
Description	Class Object/ Code	Title I, Part A	Title I, Part C Migrant	Title I, Part D Subpart 1	Title I, Part D Subpart 2
1. Consolidated Administrative Funds		<input type="radio"/> Yes <input checked="" type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No
2. Payroll Costs	6100	\$1,317,278			
3. Professional and Contracted Services	6200	\$22,631			
4. Supplies and Material	6300	\$20,730			
5. Other Operating Costs	6400	\$100			
6. Debt Services	6500				
7. Capital Outlay	6600				
8. Operating Transfers Out	8911				
9. Indirect Costs					
Total Budget Costs		\$1,360,739			
Total Funds Available Minus Total Costs		\$0			
10. Payments to Member Districts of SSA	6493				

- Budget in General Ledger**

	A	B	C
1	Budget and Expenditures as of		
2	1/10/2020		
3	FND	282	
4	F	0	
5	Date	(All)	
6	Row Labels	Sum of Revised Budget	Sum of Expenditures
7	6100	\$1,323,210.00	\$ 417,353.08
8	6200	\$22,631.00	\$ 9,082.50
9	6300	\$19,345.00	\$ (925.83)
10	6400	\$1,470.00	\$ 1,861.81
11	Grand Total	\$1,366,656.00	\$ 427,371.56
12			
13			
14			

# FMT: Cash Management

- Approved Drawdown**

Expenditure Report Details			
Noga ID: [REDACTED]	TITLE I, PART A-IMPROVING BASIC PROGRAMS	Status: Approved	
[REDACTED]	Region: 12	Begin Date: 07/01/2019	End Date: 09/30/2020
DUNS: [REDACTED]	CCR: [REDACTED]	Congressional District: [REDACTED]	
NOGA Balance Summary			
Approved Budget:	1,360,739.00	Cumulative Expenditure:	323,961.40
		Amount Reserved:	0.00
		Total Amount Paid:	323,961.40
		Eligible Remaining:	1,036,777.60
Expenditure Report Details			
Class Object Code	Description	Program Cost	Total
6100	Payroll Costs	314,708.77	314,708.77
6200	Professional & Contracted Services	8,790.00	8,790.00
6300	Supplies & Materials	181.74	181.74
6400	Other Operating costs	280.89	280.89
6500	Debt		0.00
6600	Capital Outlay (exclusive of 6619 & 6629)		0.00
8911	Operating Transfers Out		0.00
	Total Direct Costs	323,961.40	323,961.40
	Indirect Costs( FY 2020 - 4.976 %)		0.00
	Total Project Costs	323,961.40	323,961.40
6493	Payments to Member Districts of Shared Service Arrangements		0.00

- Expenditures in GL**

	A	B	
1	<b>Expenditures as of 12/18/2019</b>		
2	FND	282	⌵
3	F	0	⌵
4	Date	(Multiple Items)	⌵
5			
6	<b>Row Labels</b>	<b>Sum of Expenditures</b>	
7	6100	\$ 417,353.08	
8	6200	\$ 9,082.50	
9	6300	\$ (925.83)	
10	6400	\$ 1,861.81	
11	<b>Grand Total</b>	<b>\$ 427,371.56</b>	
12			
13			

# Payroll Journal Expenditure v GL

## GL Payroll Expenditures

Expenditures from GL as of 1/10/2020		
FND	282	<input type="button" value="v"/>
F	0	<input type="button" value="v"/>
Date	(All)	<input type="button" value="v"/>
<b>Row Labels</b>	<b>Sum of Expenditures</b>	
6112	\$ 3,507.50	
6118	\$ 1,218.75	
6119	\$ 222,755.98	
6121	\$ 446.70	
6127	\$ 189.76	
6129	\$ 110,752.31	
<b>Grand Total</b>	<b>\$ 338,871.00</b>	

## PRJ Expenditures

Expenditures from PRJ as of 1/10/2020		
Fscd_yr	(All)	<input type="button" value="v"/>
Check Date	(Multiple Items)	<input type="button" value="v"/>
Pay	282	<input type="button" value="v"/>
<b>Row Labels</b>	<b>Sum of Check Pay</b>	
6112	\$ 3,422.50	
6118	\$ 1,218.75	
6119	\$ 233,893.24	
6121	\$ 446.70	
6127	\$ 189.76	
6129	\$ 99,333.91	
<b>Grand Total</b>	<b>\$ 338,504.86</b>	

# Payroll

# Period of Performance...

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—Cost Principles	On the first day of the grant or subgrant performance period.

# Sample of documents reviewed

## Additional Pay Request Form

Requester: [Redacted] Camp/Dept: Finance Date: May 7, 2019

Name of Activity: Read [Redacted]

Activity Start Date: June 20, 2019 Activity End Date: June 21, 2019

Purpose: [Redacted] will help with the parent engagement meeting presentation and with the readers schedule, organized books by grade level from PK - 6th grade, etc.

The work schedule for June 20, 2019 will be from 12:00 a.m. - 4:00 p.m.

The work schedule for June 21, 2019 will be from 7:30 a.m. - 1:00 p.m.

Goal 2, Objective 8, Strategy 1

Employee name (attach list if more than one employee): [Redacted]

Employee type (check one):

### Professional

- ☐ Tutoring & Extra Duty Cert Tchrs: \$30/hr
- ☐ Training: \$50 / 3 hr session
- ☐ Training: \$100 / 6 hr session
- ☐ After School Athletics: \$30/hr
- ☐ Summer School Assignment: \$30/hr

### Para-Professional

- ☐ Tutoring: hrly base pay
- ☐ Training: hrly base pay
- ☐ After School Athletics: hrly base pay
- ☐ Athletic Stipend: hrly not to exceed stipend
- ☒ Summer School Assignment: hrly base pay
- ☐ Out of Regular Schedule (comp. time)
- ☐ Out of Regular Schedule (hrly base pay)

### Sub-Teacher

- ☐ Tutoring: based on Misc. Pay 1
- ☐ Training: \$50 / 3 hr session
- ☐ Training: \$100 / 6 hr session
- ☐ After School Athletics: base or
- ☐ Out of Regular Schedule: daily

Location of Activity: [Redacted] Elementary School

Account coding: 211 [Redacted]

To be completed by  
Activity Name: [Redacted]

## Semi-annual Certification Employee Federal Activity Report School Year 2019-2020

Campus/Department: Finance Department

For the Six Month Period of (check one)

☒ July - December, 2019  
☐ January - June, 2020

I Certify that the employee(s) listed below worked on activities authorized by the federal programs stated below, and that they have been made aware that they are funded under a federal program.

The employee(s) worked solely on the program specified for the period covered by the certification, July 1, 2019 thru December 31, 2019.

Employee Name	Employee Title	% Funded	Program	Initials
[Redacted]	Parent Liaison	100%	Title I, Part A	[Redacted]

5/13/2020

Time Card Detail

Time Card Detail -

(15 of 16) Approvals Required: 0

Card ID:

Person ID:

My Approval

Date/Job Name:

Comments/ Edit Reason:

Name:

Function ID:

Approval Status:

Thu, Jun 20, 2019 - Read [Redacted]

Functions:

Org Name

[View Account](#)

Additional Comments:

Characters

Clock In  
8:00 AM

Clock Out  
1:00 PM

Time Card In  
8:00 AM

Time Card Out  
1:00 PM

Hours  
05:00

Absent



**All teachers & staff must be SBEC certified.**



**Paraprofessionals must meet Title I, Part A requirements.**

- \*Excludes: Charter Schools (unless Charters have IDEA-B, Title III, Part A-ELA, or if their local policies require certs)**
- \* Some Districts of Innovation exempt**
- \* Substitute Teachers exempt**
- \* Highly Qualified exempt**
- \* Certain Nita M. Lowey 21<sup>st</sup> CCLC grant positions exempt**
- \* Positions that don't have interaction with students exempt**

# Time & Effort Reporting

USDE's Cost Allocation Guide (September 2019) emphasizes the need for detailed written policies and procedures for the documentation of personnel expenses (T&E reporting).

<https://www2.ed.gov/about/offices/list/ocfo/fipao/costallocationguide92019.pdf>

## Cost Allocation Guide for State and Local Governments



U.S. DEPARTMENT OF EDUCATION

Indirect Cost Division  
Office of Grants Administration  
Office of Finance and Operations

September 2019

Written policies and procedures **should** detail:

- The completion of time and effort reporting
- The approval cycle that is required
- Processing of personnel charges
- Internal review process to ensure effective internal controls



- **Examples of T&E documentation:**
  - Periodic certification
  - Personnel Activity Report (PAR)
  - TEA Substitute System of T&E Reporting
  - Signed job description (if allowed by Ed-Flex waiver)



# T&E Reporting – Periodic Certification

## DISNEY ISD

SEMI-ANNUAL TIME AND EFFORT REPORT  
100% Funding Source/Single Cost  
Objective

Coverage Period: August 2019 December 2019  
Month/Year Month/Year  
Begin End

I certify that work activities were performed and devoted to meeting the objectives of the project from which funding was provided or from sources with the same objectives.

Employee Name	DONALD DUCK			
Division	Special Programs			
Position	Homeless Liaison			
Program/Objective Name	TEHCY		Title 1	
Fund/Org	206	35%	211	65%

Donald Duck 2/1/20  
EMPLOYEE SIGNATURE Date

Minnie Mouse 2/1/20  
SUPERVISOR SIGNATURE Date

## Information to include:

- Employee name and position
- Reporting period
- Federal program(s)
- Statement that employee worked solely on the federal program or cost objective
- Signature and date of employee/supervisor after work performed

# T&E Reporting – Periodic Certification

**Metropolis ISD**  
**Semi-Annual Certification**  
**2020-2021**

**Employee:** Clark Kent

**Position:** Reading Interventionist

**Funding Source:** 100% Title I, Part A (Fund 211)

**Time Period:** September 2020-December 2020

I certify that I worked 100% on activities supporting the Title I, Part A program for the time  
period listed above.

Clark Kent

Employee Signature

1/21/21

Date

Perry White

Supervisor Signature

1/21/21

Date

# T&E Reporting - PAR

## Gotham ISD Personnel Activity Report

	A	B	C	D	E	F	G	H	I	J
1	Employee	Bruce Wayne				Munis#	9144		Month	Oct.
2	Position	Accelerated Learning Prgm Facilitator				Organization #		874	Year	2019
4	Funding Source #1	Title III- 263-7				Funding Source #2		Fund 199		
5	Percent (%)	80.00%				Percent (%)		20.00%		
7	Funding Source #3	N/A				Funding Source #4		N/A		
8	Percent (%)					Percent (%)				
9	Status Indicators	A. Administrative Support				G. Instructional Support			M. Sick Leave	
10		B. Adult Education & Support				H. Meetings			N. Vacation/Non-Duty	
11		C. Curriculum Development & Evaluation				I. Personnel Management			O. Local Personal	
12		D. Data Collection, Analysis & Reporting				J. Professional Development			P. State Personal	
13		E. Data Management				K. Program Support			Q. Jury Duty	
14		F. Grant/External Funding Support				L. Student Services			R. Inclement Weather	
15	MONTH	Funding Source #1		Funding Source #2		Funding Source #3		Funding Source #4		TOTAL
16	Oct.	HOURS	STATUS	HOURS	STATUS	HOURS	STATUS	HOURS	STATUS	HOURS
17	1	4.50	K, H	3.50	K					8.00
18	2	7.00	K, G	1.00	K					8.00
19	3	6.50	G, K, J	1.50	H					8.00
20	4	7.00	K,	1.00	H					8.00

Info to include:

- Employee name and position
- Reporting period
- Federal program(s)/Funding sources
- Actual activity performed

# T&E Reporting – PAR

47	31	8.00	K, J, H, G						8.00
48	Total	147.50		36.50		0.00		0.00	184.00
49	%	80.16%		19.84%		0.00%		0.00%	100.00%
50									
51									
52	EMPLOYEE SIGNATURE		DATE			SUPERVISOR'S SIGNATURE		DATE	
53									
54	I certify that the activities performed were devoted to meeting the objectives of the listed project(s) and that the effort shown								
55	represents a reasonable estimate of the work performed on each project for the period covered.								
56									

Info to include:

- Actual activity performed
- Percentage of time spent on each program
- Signature and date of employee and/or supervisor after work performed

# T&E Reporting – TEA Substitute System

**TEA**  
Texas Education Agency

**Substitute System of Time-and-Effort Certificate**  
**For Employees Supported by Multiple Cost Objectives**

Most fields on this certificate are autofilled with data from the Substitute System of Time-and-Effort Schedule (on the Schedule tab of this workbook). However, you must manually complete two fields: Total Number of Hours Worked in the Week and the Total Number of Lunch Hours in the Week. The figure you enter for Total Number of Hours Worked in the Week must be consistent with the autofilled figure for Total Number of Minutes Worked in the Week. Both you and your supervisor must sign and date the certificate.

Each participating employee must complete this certificate based on his or her established schedule.

---

Name of Employee \_\_\_\_\_ Schedule for Certification Period \_\_\_\_\_

Position Title \_\_\_\_\_ District/Campus(s) \_\_\_\_\_

---

Total Number of Hours Worked in the Week:  Total Number of Minutes Worked in the Week: 135

Total Number of Lunch Hours in the Week:  Total Number of Lunch Minutes in the Week: -

**Total Hours: 0.00 x 60 = 0 (a) Total Minutes: 135 (b)**

Program/Fund	# of Minutes Worked in Week	Distribution of Time (%)
A 84.002 – Adult Education—Basic Grants to States - Fund Code 220	135	100%
B 84.287 – Twenty-First Century Community Learning Centers - Fund Code 265	0	0%
C 84.027 – Special Education—Grants to States (IDEA, Part B) - Fund Code 224	0	0%
D -	0	0%
E -	0	0%
F -	0	0%
G -	0	0%
H State/Local (Fund Code 199 or 420)	0	0%
<b>TOTAL MINUTES/TOTAL PERCENTAGE OF TIME:</b>	<b>135</b>	<b>100%</b>

NOTE: If an employee's established schedule changes by 10% or more, the employee must submit an updated certification.

I certify that I performed work consistent with the attached schedule and as distributed in the above percentages during the certification period.

Signature of Employee \_\_\_\_\_ Date

---

I certify that I have firsthand knowledge that the above employee performed work consistent with the attached schedule and as distributed in the above percentages during the certification period.

Name of Supervisor

Signature of Supervisor \_\_\_\_\_ Date

- Must have TEA approval to use Substitute System
- Fixed schedule complete
- Signed by employee and supervisor after work performed
- Certified at least semi-annually

# T&E Reporting – Signed job description (Ed-Flex)



## Ed-Flex covered programs:

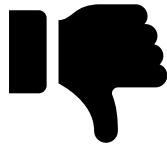
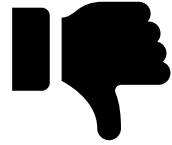
- Title I, Part A
- Title I, Part C
- Title I, Part D
- Title II, Part A
- Title IV, Part A
- Perkins

Employee job description must state the employee is assigned 100% to the program or single cost objective.



- **Most common findings for T&E:**
  - Lack of written policies and procedures for T&E documentation
  - T&E documentation inadequate or not maintained
  - T&E not signed or signed before the work is performed
  - T&E does not account for 100% of employee activities
  - T&E does not match payroll costs allocated to the grant award
  - Subrecipient not approved to use Substitute System

# T&E Reporting – Common issue



Acme ISD

Semi-annual Personnel Certification Form

OMB Circular A-87 Cost Principals Revised 02/2008

- ***Any T&E documentation used should reflect current rules and regulations***

# Nonpayroll

# Period of Performance

In order for costs to be allowable, they must be obligated and expended inside the grant period.

We have found instances where costs overlap multiple grant periods and costs that are obligated and paid prior to the start of the grant period.

No pre-award costs are allowed unless it is included in the grant award notification or requested by TEA and approved by USDE.

# Obligation of Grant Funds

## General Ledger

	2	AC	(blank)	8/2019	\$4,813.80
	2	AC	(blank)	8/2019	\$4,663.35
I.S.D.	2	AP	9/3/2019	9/2019	\$62.70
I.S.D.	2	AP	10/4/2019	10/2019	\$229.20
I.S.D.	2	AP	6/18/2019	8/2019	\$1,023.30
I.S.D.	2	AP	9/3/2019	9/2019	\$73.50
I.S.D.	2	AP	10/4/2019	10/2019	\$267.00
I.S.D.	2	AP	6/18/2019	8/2019	\$1,547.10
Children's Theatre	2	AP	6/17/2019	8/2019	\$264.00
vide. Inc.	2	AP	7/10/2019	8/2019	\$42.67

# Support Documents

ISD Catering

Child Nutrition Department

Attn:

Bill To

Program

Terms

Rep

Ship Via

Due on receipt

LRA

Item	Description	Quantity	Each	Amount
After School Snack	Elementary - Reduced	232	0.15	34.80
After School Snack	Elementary - Paid	659	1.50	988.50

It has been a pleasure working with you!

Total

\$1,023.30

## Invoice

Date

Invoice #

6/18/2019

11080

Ship To

Program

School Year 2018-2019



DATE	INVOICE...
6/17/2019	3301

BILL TO

P.O. NO.

Terms

Due Date

6/17/2019

DESCRIPTION	QTY	RATE	AMOUNT
June 28, 2019 at 10:30am	33	8.00	264.00
Please pay at least half your balance to secure your date. We can't guarantee performances until payments are received.			

Total

\$264.00

# Internal and Third-Party Documentation

In order to be allowable, the costs must be adequately documented.

Credit card and online purchases – must be supported by itemized receipts or detailed invoices.

Contracted services – should be supported with an executed contract that is signed and dated by both parties that identifies the terms and agreements for goods and services.



Travel Costs – **Must** be actual costs (not per diem rates) that do not exceed allowable rates.

Travel **should** be approved both before and after the travel occurs.

Costs should be reasonable and necessary and directly related to the school grant program. Conference agendas, certificates of completion, other proof of attendance.



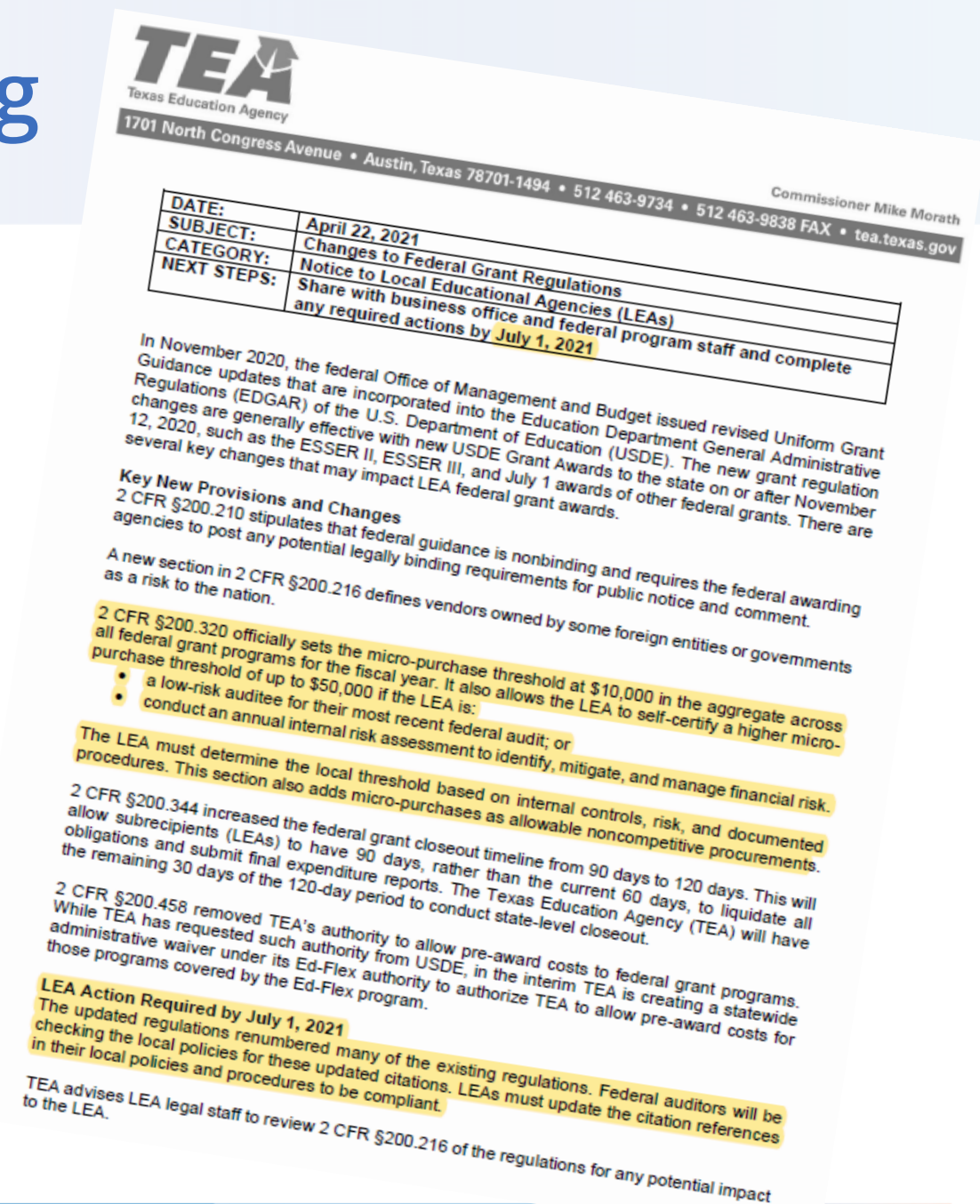
# Procurement Issues

Issue	Why It's Important To Fix	Examples
Missing Commodity Codes	It's essential to aggregate like-type items to avoid exceeding threshold early on when you do your budget.	207 –Computer Accessories and Supplies 610 – Office Supplies: Carbon Paper and Ribbons, All types. 615 -Office Supplies, General. 620 –Office Supplies: Erasers, Inks, Leads, Pens, Pencils, etc.
Outdated Procurement Regs	Review the new, more lenient November 2020 Policies & Procedures to see if they align.	
Outdated Micro-Purchase	<b>Confirm &amp; Communicate</b> your organization's Micro-Purchase amount to avoid exceeding threshold.	\$3k → \$3.5k → \$10k → \$25k → *\$50k
Inadequate Small Purchase	Shop around to confirm you're selecting what is the best value for the District.	Obtain additional quote or save a screenshot of online shopping cart with the same items for comparison.
Inadequate Competitive Bids	Must specify and define items, quantities, services, when inviting for bids via RFP. Avoid "pre-approved" vendor lists and large amount of \$ earmarked. Must have a bid evaluation process to demonstrate how this public competition was solicited and selected as the top choice.	RFP for specific goods/services to best attract vendors that can provide for the specific needs of the District.
Noncompetitive (Sole Source)	Extremely rare and very hard to meet criteria: 1. Sole Source, 2. Public Exigency, 3. Fed Award Agency authorizes, or 4. Competition deemed inadequate after public solicitation.	<ul style="list-style-type: none"> <li>All ESCs have sole source when providing technical assistance within their normal scope of services.</li> <li>Printing braille materials for large volume of customers.</li> </ul>

# “Micro” changes coming

## Changes to Federal Grant Regulations | Texas Education Agency

- Grants issued prior to November 12, 2020 will be reviewed under the “old” guidance.  
i.e. Fiscal Year 2021 grants are under the “old” guidance and grants issued for FY2022 will incorporate the NEW guidance.



**TEA**  
Texas Education Agency  
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Commissioner Mike Morath

DATE:	April 22, 2021
SUBJECT:	Changes to Federal Grant Regulations
CATEGORY:	Notice to Local Educational Agencies (LEAs)
NEXT STEPS:	Share with business office and federal program staff and complete any required actions by <b>July 1, 2021</b>

In November 2020, the federal Office of Management and Budget issued revised Uniform Grant Guidance updates that are incorporated into the Education Department General Administrative Regulations (EDGAR) of the U.S. Department of Education (USDE). The new grant regulation changes are generally effective with new USDE Grant Awards to the state on or after November 12, 2020, such as the ESSER II, ESSER III, and July 1 awards of other federal grants. There are several key changes that may impact LEA federal grant awards.

**Key New Provisions and Changes**

2 CFR §200.210 stipulates that federal guidance is nonbinding and requires the federal awarding agencies to post any potential legally binding requirements for public notice and comment.

A new section in 2 CFR §200.216 defines vendors owned by some foreign entities or governments as a risk to the nation.

2 CFR §200.320 officially sets the micro-purchase threshold at \$10,000 in the aggregate across all federal grant programs for the fiscal year. It also allows the LEA to self-certify a higher micro-purchase threshold of up to \$50,000 if the LEA is:

- a low-risk auditee for their most recent federal audit; or
- conduct an annual internal risk assessment to identify, mitigate, and manage financial risk.

The LEA must determine the local threshold based on internal controls, risk, and documented procedures. This section also adds micro-purchases as allowable noncompetitive procurements.

2 CFR §200.344 increased the federal grant closeout timeline from 90 days to 120 days. This will allow subrecipients (LEAs) to have 90 days, rather than the current 60 days, to liquidate all obligations and submit final expenditure reports. The Texas Education Agency (TEA) will have the remaining 30 days of the 120-day period to conduct state-level closeout.

2 CFR §200.458 removed TEA's authority to allow pre-award costs to federal grant programs. While TEA has requested such authority from USDE, in the interim TEA is creating a statewide administrative waiver under its Ed-Flex authority to authorize TEA to allow pre-award costs for those programs covered by the Ed-Flex program.

**LEA Action Required by July 1, 2021**

The updated regulations renumbered many of the existing regulations. Federal auditors will be checking the local policies for these updated citations. LEAs must update the citation references in their local policies and procedures to be compliant.

TEA advises LEA legal staff to review 2 CFR §200.216 of the regulations for any potential impact to the LEA.

# Suspension & Debarment

## CHECKING and DOCUMENTING SUSPENSION & DEBARMENT

From the FFM letter Request for Supporting Documentation:

*8. For each purchase listed in Attachment B, please complete the following:*

- a. Attest your organization verified the vendor was **NOT** suspended or debarred.*
- b. Attest and provide supporting documentation your organization verified the vendor was **NOT** suspended or debarred for purchases with an aggregate cost of \$25,000 or above.*



# Suspension & Debarment Attachment



Nonpayroll Transaction Procurement Details				
Transaction Number	Vendor/Payee Name	Procurement Method (micro-purchase, small purchase, competitive sealed bids, competitive proposals, noncompetitive proposal)	Purchased through Co-op?	Verified vendor was <u>not</u> suspended or debarred?
08.	ABC INC		Yes No	Yes No
09.	JPL INC		Yes No	Yes No
10.	Keyser Soze & Associates		Yes No	Yes No



Questions?





*This presentation is intended solely to provide general information and guidance to Texas LEAs, ESCs, and participating Private Schools and reflects the Texas Education Agency's current understanding of statute and applicable federal guidance. The content of this presentation is subject to change as a result of further potential information and guidance provided by federal agencies with regulatory oversight of these programs. This presentation does not constitute legal advice, and entities are, therefore, advised to seek legal counsel regarding the information and guidance provided in this presentation before acting on such information and guidance.*