



Revised
2018

Policy and Procedures

Section C

This section contains:

- Board Membership
- Board Officers
- Meetings
- Committees
- Financial Management
- Policies and Procedures Manual–Federal Grants

**HEALTH OCCUPATIONS STUDENTS OF AMERICA
TEXAS ASSOCIATION
BOARD OF DIRECTORS
POLICIES AND PROCEDURES**

I. Board Membership

- A. The Board of Directors shall consist of the following elected members with voting rights:
1. See HOSA, TA Bylaws Article III
<https://texashosa.org/wp-content/uploads/documents/handbooks/2018/texas-hosa-advisor-handbook-section-b-rev20180307.pdf>
 2. Board members are expected to abide by the Advisor Code of Ethics and are to professionally represent HOSA in all matters.
 3. The first year is a provisional year. First year board members will confer with the president or president-elect before the State Leadership Conference to determine if the board member wishes to continue to serve on the board for the remaining two years of the term.
 4. If the board member chooses to vacate their position before completing their term as board members, the area will elect a new board member. Election of new board members may be done electronically or at the next area event.
 5. Vacancies of board members that have completed their term will be elected at the HOSA State Conference. Nominees do not need to be present to run for election.
 6. Board membership will begin in August and will end in July.
- B. Board Members should not serve a conference chairs, student officer advisors or event managers.

II. Board Officers

A. The board shall elect its officers by plurality vote. Candidates shall be nominated from the floor. Nominated members must have served on the board for at least two years. Nominations will be taken at the State Leadership Conference and voted at the next board meeting.

B. Once a member begins his/her term of office as president, he/she is serving the board as a whole. The new president shall resign as an area board member in time for a replacement to be elected at the next board meeting. The president-elect and the secretary shall continue to serve as representatives for their areas.

C. Resignation of officers shall be submitted in writing to the board. Vacancies in any elected office shall be filled by a member of the board.

D. Duties of Board Officers

1. President

- a. Set the agenda and send a tentative agenda to board members at least seven days prior to the meeting
- b. presides at all meetings
- c. performs such duties as are necessary to conduct the business of the board
- d. provides a letter to administrators detailing the responsibilities of a board member.

2. President-elect

- a. coordinates all committee activities
- b. performs the duties of the president in his/her absence.

3. Secretary

- a. records the official minutes at all meetings
- b. provides official minutes to all members of the board within ten business days after each meeting.

E. Transition

Transition activities should begin no later than the end of the last board meeting.

Activities include:

1. President: Transfer either electronically or in hard copy all unfinished business and activities
2. President-elect: transfer either electronically or in hard copy, all committee recommendations and activities

3. Secretary: transfer either electronically or in hard copy, most recent minutes, proxy forms and correspondence

III. Meetings

- A. Meeting obligations: See Article V, Section 2 of the HOSA, TA
<https://texashosa.org/wp-content/uploads/documents/handbooks/2018/texas-hosa-advisor-handbook-section-b-rev20180307.pdf>

IV. Committees

The term of committee service is one year.

Committee Chair Duties

- Promote the mission of HOSA
- Keep the president-elect informed of committee meetings and activities
- Serve as liaison with other committee chairs to facilitate joint study and projects
- Submit to the president-elect a written report of committee meetings activities and recommendations
- Maintain files and records of committee work, and transfer such files to succeeding chairs

Scholarship Committee

1. Membership shall consist of five board members, and the state vice-president
2. Evaluate all aspects of the scholarship program and make recommendations to the board for improvements
3. Facilitate industry and professional partnerships to enhance the state scholarship program
4. Serve as the state scholarship selection committee for state HOSA scholarships

Bylaws Committee

1. Membership shall consist of the past-president, the president, the president-elect, and one or more board members
2. Study, evaluate, and recommend any changes necessary to revise the bylaws of HOSA, TA and bylaws of the HOSA, TA board of directors

Competitive Events Committee

1. Membership shall consist of the Texas Executive Director/State Advisor, National CE Committee member(s), state president and 3 board members
2. Study, evaluate, and recommend any changes necessary for the state

competitive events program

3. Make constructive recommendations to the National Competitive Events Program for the improvement and enhancement of national competitive events.

Budget Committee

1. Membership shall consist of the, Texas HOSA Executive Director/State Advisor, HOSA, TA accountant, the president, past-president, president-elect, TEA representative, Officer Coordinator, secretary and one board members
2. Review past expenses
3. Make recommendations for the proposed budget for the upcoming year
4. Report on the proposed budget at the next board meeting
5. Employees of Texas HOSA may not be included in the discussion of employee salaries.

Financial Committee

1. Membership consists of the HOSA, TA accountant, the president, two board members
2. Establish guidelines/policies for long term assets
3. Work with the HOSA, TA board approved investment group to assist in recommendations for management of funds
4. Make quarterly reports and recommendations to the board of directors for investment of funds
5. Develop and update the financial policy of HOSA, TA
6. Maintain a record of committee activities and investment reports

V. Financial Management

- A. All student money must be deposited in the general account. No HOSA money may be deposited in any account other than those of HOSA, TA and should be sent to the HOSA, TA accountant.

All of Texas HOSA Bank accounts signature cards should reflect the CPA, the executive director and the officer Coordinator.

- B. Fall, Spring, and State Conference registration fees will be collected at registration with assistance of board members, the Competitive Events Team, and the Executive Director/State Advisor.

- C. Approval, in the form of the signature by the person designated by the BOD's shall be obtained before money can be disbursed.

- D. All requests for reimbursement related to any HOSA event must be submitted within 30 days of incurrence. Any formal request submitted after 30 days (is) to be submitted to the HOSA, TA board president for possible consideration.
- E. Money shall only be dispersed with original receipts or invoices. Purchases made with a credit card must be submitted with a receipt indicating a description of the items which were purchased.
- F. To facilitate a smooth transition, the outgoing president may authorize reimbursement until the end of the fiscal year.

G. Budgets

- 1. Area budgets shall be monitored and approved by the designated board member from that area.
- 2. The state budget shall be monitored and approved by the board president.

H. Request for Payment form (RFP)

- 1. Executive Director will receive and approve RFP forms pertaining to expenditures from all budgets. The executive director will sign and forward the form with the original receipts to the HOSA, TA CPA for payment. The executive director will retain a copy of the form and receipts.
- 2. Board president will receive RFP forms pertaining to expenditures from the executive director. If approved, the president will sign and forward the form with the original receipts to the HOSA, TA CPA for payment. The president should retain a copy of the form and receipts for his/her records.

I. Travel

- 1. Original receipts along with an RFP form must be submitted for any reimbursements.
 - a. Reasonable travel expenses for any person doing business for TX HOSA will be reimbursed according to state guidelines, if districts refuse to pay; however, there must be a financial assistance letter for the current school year must be on file with designated Board Member.
 - b. When making travel plans, (driving or flying), the most economical means must be chosen.
- 2. Allowable travel expenses
 - a. Personal automobile mileage
 - i. Mileage from headquarters (home or office) to the place of official HOSA business will be reimbursed at the appropriate state per diem rate at the time the expense is incurred. This can also include mileage to and/or from an airport. Mileage reimbursement can be calculated using the

- a mapping website.
- b. Airfare
 - i. Airfare should be booked at the lowest possible fare available.
- c. Rental cars
 - i. Rental cars are not allowed unless other transportation, such as a taxi or shuttle, is not available, or unless it is documented that it is more cost effective to rent a car than it is to take alternate travel. Rental cars must be pre-approved by the HOSA, TA board of director's president and include justification that the rental car is more cost effective.
 - ii. If a school district requires a rental car to transport students, HOSA, TA will reimburse mileage only. It is the responsibility of the district to pay car rental and gasoline expenses.
 - iii. Gasoline for an automobile rented by HOSA, TA may be claimed.
- d. Parking, taxi fares (including tips), and toll road expenses while on official business with original receipts
- e. Airport parking.
- f. Lodging will be reimbursed at the state per diem rate or the rate consistent with the hotel contract.
- g. Meals

Meals will be reimbursed up to \$36.00 per day (in state) and \$50.00 per day (out of state). If, in the conduct of the contract, duties begin at 6:00 a.m. and end at 10:00 p.m. on the same day, meals may not be claimed unless the amount was actually spent. The per diem rates are not an allowance. Original receipts along with a RFP form must be submitted.

Scanned, itemized, legible receipts must be submitted with your Request for Payment.

5. Unallowable Travel Expenses

- a. First class airfare
- b. Alcoholic beverages
- c. Entertainment/recreation
- d. Meals or any other expenses for other persons unless pre-approved by the HOSA, TA board of director's president
- e. Unreasonable accommodations such as penthouse, suite or expensive hotel room
- f. Mileage, parking and toll road expenses for purposes other than official business
- g. Personal accident insurance or personal effects coverage for rental cars.

- h. Rental car for personal use or for purposes not associated with the performance of services specified in the contract.
- i. Any expenses for a rental car that are related to the operation of the rental car, except for parking, toll expenses and gasoline.

J. Valet Parking

6. Lodging

Board members will be assigned room at BOD meetings. If board members request an upgrade, then they shall be responsible for additional charges.

M. Outstanding Debt

1. Any Texas HOSA chapter with a past due account, to include national HOSA fees will be considered to have an outstanding debt to HOSA, TA. A past due account is one that has not been paid within 30 days after the due date.
2. CPA will submit past due amounts report at the January Board meeting, State meeting, PDC, and LDI.
 - a. The Accountant will email the chapter/school advisor, principal and CTE Director that the payment has not been received and requests that the advisor follow – up with the district Accounts Payable department and then relay the resulting information to the Accountant. The Accountant should mention that non-payment may result in the chapter/school being blocked from future registration.
 - b. If the advisor says that it has been paid, the Accountant is to request that the advisor obtain documentation (including contacting National HOSA) and send it to the Accountant. The Accountant will document this contact including the date of the email, the date of the response, and the result from the advisor, CTE director, and principal to the board president.
 - c. Once payment has been received, the chapter/school will be allowed to register, if the registration deadline has not passed.

N. Scholarships

All HOSA, TA Area and State scholarship recipients must be a senior and/or graduating from high school during the semester the scholarship is awarded. Post-secondary students may apply for State Scholarships.

Procedure

1. The Board of Directors awards the scholarships.
2. The Board of Directors will present each scholarship recipient with an award certificate, authorization form and instructions.
3. Each scholarship recipient will request that the college/university submit documentation on official letterhead or via official online communication verifying the student's 30-day enrollment at the designated college/university. This verification letter must be sent

directly to the appointed HOSA, TA Board member as indicated on the scholarship award letter.

4. The appointed HOSA, TA Board member must receive the following documents, in terms of verification: Scholarship Recipient Information Form; Verification Letter from the college/university; any other verifiable documentation.
5. The appointed HOSA, TA Board member must then follow the RFP process and send original verification documents and RFP forms to the HOSA, TA accountant
6. HOSA, TA accountant will process the payment and will notify the student that the check has been mailed to the college/university.

O. HOSA, TA Credit Card Policy and Procedures-

1. Staff and Board President shall be provided a credit card.
2. Credit cards will be used only for HOSA business purposes. Personal purchases of any type are not allowed.
3. The following purchases are not allowed:
 - a. Capital equipment
 - b. Construction, renovation/installation
 - c. Maintenance agreements
 - d. Personal items or loans
 - e. Purchases involving trade-in of Texas HOSA property
 - f. Rentals (other than short-term autos)
 - g. Any items deemed inconsistent with the values of the Texas HOSA
4. Cash advances on credit cards are not allowed
5. Cardholders will be required to sign an agreement indicating their acceptance of these terms. Individuals who do not adhere to these policies and procedures will risk revocation of their credit card privileges and/or disciplinary action.
6. Detailed receipts must be retained and attached to the credit card statements. In the case of meals and entertainment, each receipt must include the date, time, names of all persons involved in the purchase, and a brief description of the business purpose of the purchase, in accordance with Internal Revenue Service regulations.
7. Monthly statements, with attached detailed original receipts, must be submitted in accordance with Request for Payment (RFP) procedures within 10 days of receipt of the statement to enable timely payment of amounts due.
8. All monthly statements submitted for payments must include the signature of the cardholder; the signature of the approving staff member; and the date of approval.
9. All monthly statements for payments must have the appropriate expense code and the associated amounts clearly written on the statement.

Area Officer Coordinator Expectations

Area Officer Coordinators (AOC):

1. Maintain open lines of communication with area officers and their advisors, and the Texas Officer Coordinator (TOC).
2. Act as a liaison between the Texas Officer Coordinator and the area officers and their advisors.
3. Attend all required functions of the area officers.
4. Act as a liaison between the area officers and their advisors and conference chairs for your area.
5. Ensure the conference needs of the area officer team are met.
6. Process request for payment forms as needed for area officer conference responsibilities.
7. Assist area officers with stage presence, script writing for conference sessions and rehearsals for conferences.
8. Make lodging arrangements for officers and advisors according to HOSA, TA policy.

Officer Advisor Expectations

1. Maintain open lines of communication with the Area Officer Coordinator (AOC)/Texas Officer Coordinator (TOC).
2. Attend all required functions of officers.
 - The officer's advisor of record is expected to accompany the officer to all functions. Parents cannot replace the advisor.
 - If an employee of the school district, other than the advisor of record is accompanying the officer, an official letter from a district administrator must be on file with the TOC at least two weeks prior to the event.
3. While attending required functions with your student officer(s), assist the AOC/TOC with preparing the officers for their official duties.
 - Officer advisors will **remain on site with the officer(s)**, attend sessions, and assist when needed.
 - Officer Advisors should be a presence for the officers, take an interest in their learning, and be aware of the officer responsibilities in conference activities.
 - Remember, you are responsible for your student, this includes meals not provided by Texas HOSA, and travel (transportation) arrangements.
4. Serve as a chaperone to the officer during all required functions. Advisors are to remain with officers during the course of the officer performing his/her duties.
 - **Travel:**
 - **ACCOMPANY** the officer during travel using the school district approved mode of transportation to the event, during the event, and after the event is completed.
 - Ensure officer is safely on board any district approved mode of transportation prior to departing locations/venues.
 - Remain on site at locations/venues while the officer is performing duties of his/her office.
 - Officers are to travel **ONLY** using the mode of transportation approved by the school district.

- Officers may NOT transport other members/officers in their personal vehicle, at any time.
- HOSA, TA does not assume liability for officer/advisor travel at any time during an event.

- HOSA, TA will not transport officers unless it is an arranged shuttle as a part of conference transportation.
- **Hotel:**
 - Coordinate with the AOC/TOC regarding lodging arrangements for required events. Ensure all accommodations have been arranged for the officer and advisor.
 - Stay at the same conference hotel as the officer.
 - Ensure curfew rules are followed.
 - Remain on site at the approved hotel if the officer is on property.
- **Meals:**
 - Advisors are responsible for providing meals for the officer, as needed.

Area Officer and Advisor

Event Attendance and Information

HOSA, TA Travel Policy for Financial Assistance and Reimbursement

Travel expenses associated with mandatory HOSA, TA Officer functions, are the responsibility of the officer's chapter/district. If the chapter/district is unable to assume any or all expenses, Texas HOSA will do so, but only if an official letter from a district administrator stating which expenses, if any, the district will assume, sent to the Texas Officer Coordinator, and is kept on file with the HOSA, TA board president.

I. State Conference: Attendance NOT mandatory but is encouraged.

- Registration and costs incurred in attending this conference are the responsibility of the officer's chapter/district.
- It is expected that if **Area Officers** will be attending the State Leadership Conference, they will attend the Area Officer Leadership Academy held in conjunction with this conference. There is no additional fee to attend.
- Area Officer Coordinator (AOC) should assist officers, as necessary, with their spirit ideas.

II. Leadership Development Institute (LDI): Attendance is MANDATORY.

- HOSA, TA Travel Policy for Financial Assistance and Reimbursement applies.
- The area officer's advisor is responsible for making district approved travel arrangements to the conference.
- Area officers will receive further leadership training and collaborate with Fall and Spring Conference Chairs in planning Area Conferences.
- Area officer advisors will remain on site, attend sessions, and assist when needed.
- Area officer advisors will attend sessions and assist as needed with area officers Program of Work development.
- Area officer advisors should be aware of officer responsibilities in conference planning.

III. Fall Leadership Conference (FLC): Attendance is MANDATORY.

- Conference registration fees are the responsibility of the area officer's chapter/district. Officers will register with their school chapter and the chapter/district is responsible for payment.
- The area officer's advisor is responsible for making district approved travel arrangements for the conference.
- An overnight stay for preparation may be deemed appropriate for area officers and advisors facilitating Fall Leadership Conferences located greater than 50 miles, one way, from the officer's home district. This stay would occur the night before the conference.
- HOSA, TA Travel Policy for Financial Assistance and Reimbursement will apply only for those requiring an overnight stay.
- The Area Officer Coordinator will ensure any travel arrangements have been made for officers and advisors requiring an overnight stay. Expenses may be handled by reimbursement or by requesting a check for payment prior to the conference. A request for payment (RFP) form and hotel invoice will be needed to receive a check in advance.
- Officer advisors will accompany their officer(s), remain on site, and assist when appropriate.
- AOC will accompany area officers and assist with planning of conference details. AOC will advise and help area officers to implement their plan for a successful conference.

VI. Area Spring Conference: Attendance is MANDATORY.

- Registration fees are the responsibility of the officer's chapter/district. Officers will register with their school chapter and the chapter/district is responsible for payment.
- The area officer's advisor is responsible for making district approved travel arrangements for the conference.
- Advisors will be prepared to come to the conference early with their area officer(s). Officers are required to arrive at the conference one day earlier than other conference attendees. Arrival is usually by 4:00 p.m. on Thursday.
- HOSA, TA Travel Policy for Financial Assistance and Reimbursement applies.

- The AOC will facilitate lodging arrangements for Area Officer Advisors and Officers, as needed. Expenses may be handled by reimbursement or by requesting a check for payment prior to the conference. A request for payment (RFP) form and hotel invoice will be needed to receive a check in advance.
- **HOSA, TA will ONLY cover the Thursday night lodging and meals until the Opening Session of the Conference.** At that time, all expenses revert to the home school. If the school will not otherwise be attending the conference, **and if the officer is NOT registered to compete in an event,** HOSA, TA will cover travel expenses the officer and advisor for the duration of the conference.
- Officer advisors will remain on site, attend sessions, and assist when needed.
- Area officers will be preparing for the nominating process, interviewing the new area officer candidates, conducting the business session, and officiating at opening and closing sessions.
- AOC will advise and help area officers to implement their plan for a successful conference. The Texas Officer Coordinator will attend the conference to assist the AOC.

VII. International Leadership Conference: Attendance is NOT mandatory but is encouraged.

- Registration and expenses incurred in attending this conference are the responsibility of the officer's chapter/district.

State Officers and Advisors

Event Attendance and Information

HOSA, TA Travel Policy for Financial Assistance and Reimbursement

Travel expenses associated with mandatory HOSA, TA Officer functions, are the responsibility of the officer's chapter/district. If the chapter/district is unable to assume any or all expenses, Texas HOSA will do so, but only if an official letter from a district administrator stating which expenses, if any, the district will assume, sent to the Texas Officer Coordinator, and is kept on file with the HOSA, TA board president.

I. International Leadership Conference: Attendance is NOT mandatory but is encouraged.

- Registration and expenses incurred in attending this conference are the responsibility of the officer's chapter/district. Officers will register with their school chapter and the chapter/district is responsible for payment.
- Advisors will assist the officers with duties assigned by the TOC.

II. Professional Development Conference: Attendance is mandatory.

- HOSA, TA Travel Policy for Financial Assistance and Reimbursement applies.
- The state officer's advisor is responsible for making district approved travel arrangements for the conference.
- Lodging will be arranged by the HOSA, TA Executive Director for the advisors and officers.
- Meals will be either provided as a part of the conference or reimbursed by Texas HOSA, as appropriate.
- Officer advisors will remain on site with the officer(s), and assist with duties assigned by the TOC when needed.

III. Leadership Development Institute (LDI): Attendance is mandatory.

- HOSA, TA Travel Policy for Financial Assistance and Reimbursement applies.
- Lodging will be arranged by the Texas Officer Coordinator for the advisors and the officers.

- Meals will be either provided with conference registration or reimbursed by Texas HOSA, as appropriate.
- Officer Advisors will remain on site, attend sessions, and assist when needed.
- Officer Advisors should be aware of officer responsibilities in conference planning.

IV. Washington Leadership Academy: Attendance is mandatory.

- HOSA, TA Travel Policy for Financial Assistance and Reimbursement applies.
- The state officer advisor is responsible for making district approved travel arrangements for the conference and accompanying the officer during travel.
- Lodging and registration will be arranged by the Texas Officer Coordinator for the advisors and the officers.
- Meals will be either provided with conference registration or reimbursed by Texas HOSA, as appropriate.
- Advisors will assist the officers with duties assigned by the TOC.
- Officer Advisors will remain on site, attend sessions, assist when Needed, and accompany officer to all conference functions.
- Conference transportation will be provided by shuttle service.

V. Fall Leadership Conference (FLC): Attendance is requested IF the officer's school is attending.

- Registration fees are the responsibility of the state officer's chapter or district. Officers will register with their school chapter and the chapter/district is responsible for payment.
- State officers should be available to assist Area Officers at their request.
- Officer Advisors will remain on site, attend sessions, and assist when needed.

VI. Area Spring Conference: Attendance is requested IF the officer's school is attending.

- Registration fees are the responsibility of the state officer's chapter/district. Officers will register with their school chapter and the chapter/district is responsible for payment.

- State officers should be available to assist Area Officers ONLY at their request.
- In the event the BOD approves a State Officer to attend an Area Spring Conference outside of their home area, Texas HOSA will reimburse any expenses incurred for travel.
- Officer Advisors will remain on site, attend sessions, and assist when needed.

VII. State Leadership Conference: Attendance is mandatory.

- The state officer advisor is responsible for making district approved travel arrangements for the conference.
- Registration fees are the responsibility of the area officer's chapter/district. Officers will register with their school chapter and the chapter/district is responsible for payment.
- HOSA, TA Travel Policy for Financial Assistance and Reimbursement applies.
- Advisors will be prepared to come to the conference early with their state officer(s). Officers and advisors will be expected to arrive a day prior to the start of the conference for planning and rehearsals.
- HOSA, TA will only assume expenses until the opening session of the conference if the officer's school is attending the conference.
- HOSA, TA will cover travel expenses for the officer and advisor, if the officer's school is not attending the conference, and the officer is not registered to compete in an event.
- HOSA, TA Executive Director will assist in making the state officer advisor and officer lodging arrangements, as needed.
- State officer advisors will remain on site, stay at an approved conference hotel, and assist officers with duties assigned by the TOC.
- State officers will be preparing for the nominating process, interviewing the new state officer candidates, conducting the business session, and officiating at opening, business, recognition and closing sessions.



Policies and Procedures Manual – Federal Grants

Pursuant to Requirements in 2 CFR Part 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, State and Local funds as applicable, and Education Department General Administrative Regulations (EDGAR)

Effective January 7, 2017

These federal grant policies and procedures are applicable to all federal grants awarded to the Association, and to the extent required, state and local funds. All employees and contractors who deal with federal, state, or private grants must be familiar with them and must fully comply with all requirements contained herein.

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Introduction

This manual sets forth the policies and procedures used by Health Occupations Students of America, Texas Association, Inc. (the Association) to administer federal funds. The manual contains the internal controls and grant management standards used by the Association to ensure that all federal funds are lawfully expended. It describes in detail the Association's financial management system, including cash management procedures; procurement policies; inventory management protocols; procedures for determining the allowability of expenditures; time and effort reporting; record retention; and sub-recipient monitoring responsibilities. New employees and contractors of the Association, as well as incumbent employees and contractors, are expected to review this manual to gain familiarity and understanding of the Association's rules and practices.

Financial Management System

The Association maintains a proper financial management system in order to receive both direct and state-administered grants and to expend funds associated with a grant award. Certain fiscal controls and procedures must be in place to ensure that all financial management system requirements are met. Failure to meet a requirement may result in return of funds or termination of the award.

Financial Management Standards

The standards for financial management systems are found at 2 C.F.R. § 200.302. The required standards include:

Identification

The Association must identify, in its accounts, all federal awards received and expended and the federal programs under which they were received. Federal program and award identification must include, as applicable, the CFDA title and number, federal award identification number and year, name of the federal agency, and, if applicable, name of the pass-through entity.

Financial Reporting

Accurate, current, and complete disclosure of the financial results of each federal award or programs must be made in accordance with the financial reporting requirements set forth in the *Education Department General Administrative Regulations* (EDGAR).

Accounting Records

The Association must maintain records which adequately identify the source and application of funds provided for federally-assisted activities. These records must contain information pertaining to grant or subgrant awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest, and be supported by source documentation.

Internal Controls

Effective control and accountability must be maintained for all funds, real and personal property, and other assets. The Association must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

“Internal controls” are tools to help program and financial managers achieve results and safeguard the integrity of their program. Internal controls should be designed to provide reasonable assurance that the following objectives are achieved:

- Effectiveness and efficiency of operations;
- Adequate safeguarding of property;
- Assurance property and money is spent in accordance with grant program and to further the Selected objectives; and
- Compliance with applicable laws and regulations.

Budget Control

Actual expenditures or outlays must be compared with budgeted amounts for each federal award.

Cash Management

The Association must maintain written procedures to implement the cash management requirements found in EDGAR.

Allowable Costs

The Association must maintain written procedures for determining allowability of costs in accordance with EDGAR.

Overview of the Financial Management/Accounting System

The Association's Accountant uses Certiflex and a series of spreadsheets for the financial management and accounting system. The Association's budget, although not an appropriated budget, is monitored monthly with spreadsheets. Each grant's budget is monitored in a spreadsheet with each purchase. The Association's Accountant is responsible for managing budgets and accounts payable. Grant funds are identified within the financial management system with a unique "Event" number. For example, the Perkins Grant is identified as Event No. 800.

The Accountant will be responsible for compiling timely and accurate financial reports, subject to the Board of Directors review and approval. The reports should be prepared and submitted as specified by the financial reporting clause of each grant or contract award document. These reports must include monthly and cumulative expenditures, project budgets, and a balance remaining column.

Budgeting

The Planning Phase: Meetings and Discussions

Before Receiving the Grant Award Notice (GAN): The budget committee consists of the Accountant, the Board President, the Board Past-President, the Board President-Elect, the TEA representative, and two board members. Early budget discussions are based on the prior year's award, and then adjustments are made once the GAN is received. The budget committee reports on the proposed budget at the Leadership Development Institute.

Reviewing and Approving the Budget: By early July, the Accountant reviews the items in the budget to ensure allowability. If the Accountant determines that a cost is not allowable, then the unallowable cost is budgeted outside of the grant, and another allowable cost is budgeted within the grant.

Once the Accountant determines that all budgeted items are allowable, the budget is sent to the Board of Directors for final review and approval. Generally, the budget receives final approval at the Leadership Development Institute in August. Once the budget is approved, the budget is sent to the Accountant for input into the spreadsheets for monitoring.

After Receiving the GAN

If the GAN is for an amount different than initially budgeted or if the GAN amount is changed during the middle of the year, the budget committee will meet to discuss any adjustments that need to be made and will propose a budget amendment at the following Board Meeting.

Amending the Budget

If the need for a budget amendment arises during the year, the Accountant will request a meeting of the budget committee. Any proposed budget amendments are then emailed by the Executive Director to each Board Member for a vote by email. A simple majority vote is required to approve the budget amendment. If approval is obtained through the email vote, the amendment will be formally recognized at the following Board Meeting.

Budget Control

The Association monitors its financial performance by comparing and analyzing actual results with budgeted results. The Accountant will prepare a budget vs. actual comparison to be presented at each Board Meeting. If there is a significant difference between the budget and actual expenses, the Accountant will request a budget committee meeting to discuss what action may be needed.

Accounting Records

The Accountant keeps accounting records in both paper and electronic format. Journal entries are submitted by and approved by different staff members of the Accountant. The Association maintains a chart of accounts that provides the framework for the accounting system. Please refer to Appendix A for this chart of accounts.

Spending Grant Funds

While developing and reviewing the grant budget, the budget committee should keep in mind the difference between direct costs and indirect costs.

Direct and Indirect Costs

Determining Whether a Cost is Direct or Indirect: Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. 2 C.F.R. § 200.413(a).

Indirect costs are those that have been incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. 2 C.F.R. § 200.56.

Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs. 2 C.F.R. § 200.413(a).

Identification with the federal award rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect costs of Federal awards. Typical costs charged directly to a Federal award are the compensation of employees who work on that award, their related fringe benefit costs, the costs of materials and other items of expense incurred for the Federal award. 2 C.F.R. § 200.413(b).

The salaries of administrative and clerical staff should normally be treated as indirect costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:

- Administrative or clerical services are integral to a project or activity;
- Individuals involved can be specifically identified with the project or activity;
- Such costs are explicitly included in the budget or have the prior written approval of the federal awarding agency; and
- The costs are not also recovered as indirect costs. 2 C.F.R. § 200.413(c).

Indirect Cost Rate: The Association does not have or utilize an indirect cost rate.

Determining Allowability of Costs

Expenditures must be aligned with approved budgeted items. Any changes or variations from the state-approved budget and grant application need prior approval from the state.

When determining how the Association will spend its grant funds, Accountant will review the proposed cost to determine whether it is an allowable use of federal grant funds *before* obligating and spending those funds on the proposed good or service. All costs supported by federal education funds must meet the standards outlined in EDGAR, 2 CFR Part 3474 and 2 CFR Part 200 (Subpart E), which are provided in the bulleted list below. The Accountant must consider these factors when making an allowability determination.

- **Be Necessary and Reasonable for the performance of the federal award.** Association staff must consider these elements when determining the reasonableness of a cost. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision to incur the cost was made. For example, reasonable means that sound business practices were followed, and purchases were comparable to market prices.

When determining reasonableness of a cost, consideration must be given to:

- Whether the cost is a type generally recognized as ordinary and necessary for the operation of the Association or the proper and efficient performance of the federal award.
- The restraints or requirements imposed by factors, such as: sound business practices; arm's-length bargaining; federal, state and other laws and regulations; and terms and conditions of the federal award.
- Market prices for comparable goods or services for the geographic area.
- Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the Association, its employees, its students, the public at large, and the federal government.
- Whether the Association significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the federal award's cost. 2 C.F.R. §200.404.

While 2 C.F.R. §200.404 does not provide specific descriptions of what satisfies the "necessary" element beyond its inclusion in the reasonableness analysis above, necessary is determined based on the needs of the program. Specifically, the

expenditure must be necessary to achieve an important program objective. A key aspect in determining whether a cost is necessary is whether the Association can demonstrate that the cost addresses an existing need, and can prove it. For example, the Association may deem a language skills software program necessary for a limited English proficiency program.

When determining whether a cost is necessary, consideration may be given to:

- Whether the cost is needed for the proper and efficient performance of the grant program.
 - Whether the cost is identified in the approved budget or application.
 - Whether there is an educational benefit associated with the cost.
 - Whether the cost aligns with identified needs based on results and findings from a needs assessment.
 - Whether the cost addresses program goals and objectives and is based on program data.
-
- **Allocable to the federal award.** A cost is allocable to the federal award if the goods or services involved are chargeable or assignable to the federal award in accordance with the relative benefit received. This means that the federal grant program derived a benefit in proportion to the funds charged to the program. 2 C.F.R. §200.405. For example, if 50% of an employee's salary is paid with grant funds, then that employee must spend at least 50% of his or her time on the grant program.
 - **Consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the Association.**
 - **Conform to any limitations or exclusions set forth as cost principles in Part 200 or in the terms and conditions of the federal award.**
 - **Consistent treatment.** A cost cannot be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been assigned as an indirect cost under another award.
 - **Adequately documented.** All expenditures must be properly documented.
 - **Be determined in accordance with general accepted accounting principles (GAAP), unless provided otherwise in Part 200.**

- **Not included as a match or cost-share, unless the specific federal program authorizes federal costs to be treated as such.** Some federal program statutes require the non-federal entity to contribute a certain amount of non-federal resources to be eligible for the federal program.
- **Be the net of all applicable credits.** The term “applicable credits” refers to those receipts or reduction of expenditures that operate to offset or reduce expense items allocable to the federal award. Typical examples of such transactions are: purchase discounts; rebates or allowances; recoveries or indemnities on losses; and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the state relate to the federal award, they shall be credited to the federal award, either as a cost reduction or a cash refund, as appropriate. 2 C.F.R. §200.406.

Part 200’s cost guidelines must be considered when federal grant funds are expended. As provided above, federal rules require state- and Association-level requirements and policies regarding expenditures to be followed as well. For example, state and/or Association policies relating to travel or equipment may be narrower than the federal rules, and the stricter State and/or Association policies must be followed.

Selected Items of Cost

Part 200 examines the allowability of 55 specific cost items (commonly referred to as Selected Items of Cost) at 2 C.F.R. §§ 200.420-200.475. These cost items are listed in the chart below along with the citation where it is discussed whether the item is allowable. Please do not assume that an item is allowable because it is specifically listed in the regulation as it may be unallowable despite its inclusion in the selected items of cost section. The expenditure may be unallowable for a number of reasons, including: the express language of the regulation states the item is unallowable; the terms and conditions of the grant deem the item unallowable; or State/local restrictions dictate that the item is unallowable. The item may also be unallowable because it does not meet one of the cost principles, such as being reasonable because it is considered too expensive. If an item is unallowable for any of these reasons, federal funds cannot be used to purchase it.

Association personnel responsible for spending federal grant funds and for determining allowability must be familiar with the Part 200 selected items of cost section. The Association must follow these rules when charging these specific expenditures to a federal grant. When

applicable, Association staff must check costs against the selected items of cost requirements to ensure the cost is allowable. In addition, State, Association and program-specific rules may deem a cost as unallowable and Association personnel must follow those non-federal rules as well.

The selected item of cost addressed in Part 200 includes the following (in alphabetical order):

Item of Cost	Citation of Allowability Rule
Advertising and public relations costs	2 CFR § 200.421
Advisory councils	2 CFR § 200.422
Alcoholic beverages	2 CFR § 200.423
Alumni/ae activities	2 CFR § 200.424
Audit services	2 CFR § 200.425
Bad debts	2 CFR § 200.426
Bonding costs	2 CFR § 200.427
Collection of improper payments	2 CFR § 200.428
Commencement and convocation costs	2 CFR § 200.429
Compensation – personal services	2 CFR § 200.430
Compensation – fringe benefits	2 CFR § 200.431
Conferences	2 CFR § 200.432
Contingency provisions	2 CFR § 200.433
Contributions and donations	2 CFR § 200.434
Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements	2 CFR § 200.435
Depreciation	2 CFR § 200.436
Employee health and welfare costs	2 CFR § 200.437
Entertainment costs	2 CFR § 200.438
Equipment and other capital expenditures	2 CFR § 200.439
Exchange rates	2 CFR § 200.440
Fines, penalties, damages and other settlements	2 CFR § 200.441
Fund raising and investment management costs	2 CFR § 200.442
Gains and losses on disposition of depreciable assets	2 CFR § 200.443
General costs of government	2 CFR § 200.444

Goods and services for personal use	2 CFR § 200.445
Idle facilities and idle capacity	2 CFR § 200.446
Insurance and indemnification	2 CFR § 200.447
Intellectual property	2 CFR § 200.448
Interest	2 CFR § 200.449
Lobbying	2 CFR § 200.450
Losses on other awards or contracts	2 CFR § 200.451
Maintenance and repair costs	2 CFR § 200.452
Materials and supplies costs, including costs of computing devices	2 CFR § 200.453
Memberships, subscriptions, and professional activity costs	2 CFR § 200.454
Organization costs	2 CFR § 200.455
Participant support costs	2 CFR § 200.456
Plant and security costs	2 CFR § 200.457
Pre-award costs	2 CFR § 200.458
Professional services costs	2 CFR § 200.459
Proposal costs	2 CFR § 200.460
Publication and printing costs	2 CFR § 200.461
Rearrangement and reconversion costs	2 CFR § 200.462
Recruiting costs	2 CFR § 200.463
Relocation costs of employees	2 CFR § 200.464
Rental costs of real property and equipment	2 CFR § 200.465
Scholarships and student aid costs	2 CFR § 200.466
Selling and marketing costs	2 CFR § 200.467
Specialized service facilities	2 CFR § 200.468
Student activity costs	2 CFR § 200.469
Taxes (including Value Added Tax)	2 CFR § 200.470
Termination costs	2 CFR § 200.471
Training and education costs	2 CFR § 200.472
Transportation costs	2 CFR § 200.473
Travel costs	2 CFR § 200.474
Trustees	2 CFR § 200.475

Likewise, it is possible for the State and/or Association to put additional requirements on a specific item of cost. Under such circumstances, the stricter requirements must be met for a cost to be allowable. Accordingly, employees must consult federal, State and Association requirements when spending federal funds.

In order for a cost to be allowable, the expenditure must also be allowable under the applicable program statute (e.g., the Carl D. Perkins Career and Technical Education Act (Perkins)), along with accompanying program regulations, non-regulatory guidance and grant award notifications.

The state and/or Association rules related to some specific cost items are discussed below. Association employees must be aware of these State and Association rules and ensure they are complying with these requirements.

Frequent Types of Costs

Travel: Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of a grant recipient. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the recipient's non-federally funded activities and in accordance with the recipient's written travel reimbursement policies. 2 C.F.R §200.474(a).

Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the Association in its regular operations as the result of its written travel policy. In addition, if these costs are charged directly to the federal award, documentation must be maintained that justifies that (1) participation of the individual is necessary to the federal award; and (2) the costs are reasonable and consistent with the Association's established policy. 2 C.F.R §200.474(b).

Helpful Questions for Determining Whether a Cost is Allowable

In addition to the cost principles and standards described above, the budget committee can refer to this section for a useful framework when performing an allowability analysis. In order to determine whether federal funds may be used to purchase a specific cost, it is helpful to ask the following questions:

- Is the proposed cost allowable under the relevant program?
- Is the proposed cost consistent with an approved program plan and budget?
- Is the proposed cost consistent with program specific fiscal rules?
 - For example, the Association may be required to use federal funds only to supplement the amount of funds available from nonfederal (and possibly other federal) sources.
- Is the proposed cost consistent with EDGAR?
- Is the proposed cost consistent with specific conditions imposed on the grant (if applicable)?

As a practical matter, the budget committee should also consider whether the proposed cost is consistent with the underlying needs of the program. For example, program funds must benefit the appropriate population of students for which they are allocated. This means that, for instance, funds allocated under Title III of the Elementary and Secondary Education Act (ESEA) governing language instruction programs for limited English proficient (LEP) students must only be spent on LEP students and cannot be used to benefit non-LEP students.

Also, funds should be targeted to address areas of weakness, as necessary. To make this determination, the budget committee should review data when making purchases to ensure that federal funds to meet these areas of concern.

Federal Cash Management Policy/Procedures

The Association will comply with applicable methods and procedures for payment that minimize the time elapsing between the transfer of funds and disbursement by the Association, in accordance with the Cash Management Improvement Act at 31 CFR Part 205. Generally, the Association receives payment from the Texas Education Agency on a reimbursement basis. 2 CFR §200.305.

However, if the Association receives an advance in federal grant funds, the Association will remit interest earned on the advanced payment quarterly to the federal agency. The Association may retain interest amounts up to \$500 per year for administrative expenses. 2 CFR § 200.305(b)(9).

According to guidance from the U.S. Department of Education (ED), when calculating the interest earned on ED grant funds, regardless of the date of obligation, interest is calculated from the date that the federal funds are drawn down from the G5 system until the date on which those funds are disbursed by the LEA.

Interest would not accrue if the LEA uses nonfederal funds to pay the vendor and/or employees prior to the funds being drawn down from the G5 system, commonly known as a reimbursement.

Payment Methods

Reimbursements: The Association will initially charge federal grant expenditures to nonfederal funds.

The Association's Accountant will request reimbursement for actual expenditures incurred under the federal grants. The requests are tied to the cumulative balance of the expense accounts within each grant. If required by the awarding agency, sufficient supporting documentation will be provided with each reimbursement request. Reimbursement requests will be submitted on the Expenditure Reporting site to the Texas Education Agency. All reimbursements are based on actual disbursements, not on obligations.

The Texas Education Agency will process reimbursement requests.

Consistent with state and federal requirements, the Association will maintain source documentation supporting the federal expenditures (invoices, time sheets, payroll stubs, etc.) and will make such documentation available for the Texas Education Agency review upon request.

Reimbursements of actual expenditures do not require interest calculations.

Advances: To the extent the Association receives advance payments of federal grant funds; the Association will strive to expend the federal funds on allowable expenditures as expeditiously as possible. Specifically, the Association attempts to expend all drawn downs of federal funds within 72 hours of receipt.

The Association will hold federal advance payments in interest-bearing accounts, unless an allowable exception applies. The Association will begin to calculate interest earned on cash balances once funds are deposited into the Association’s account.

Interest will be calculated quarterly. [Total federal grant cash balances will be calculated on cash balances per grant and applying the Association’s actual interest rate. Within 30 days of the end of the quarter, the Association will remit interest earned on U.S. Department of Education grants. The Association may retain up to \$500 of interest earned per year.

Timely Obligation of Funds

When Obligations are Made

Obligations are orders placed for property and services, contracts and subawards made, and similar transactions during a given period that require payment by the non-Federal entity during the same or a future period. 34 C.F.R. § 200.71

The following table illustrates when funds are determined to be obligated under federal regulations:

If the obligation is for:	The obligation is made:
Acquisition of property	On the date which the Association makes a binding written commitment to acquire the property
Personal services by an employee of the Association	When the services are performed
Personal services by a contractor who is not an employee of the Association	On the date which the Association makes a binding written commitment to obtain the services
Public utility services	When the Association receives the services
Travel	When the travel is taken
Rental of property	When the Association uses the property
A pre-agreement cost that was properly approved by the Secretary under the cost principles in 2 CFR part 200,	On the first day of the project period.

34 C.F.R. §75.707; 34 C.F.R. §76.707.

Period of Performance of Federal Funds

All obligations must occur on or between the beginning and ending dates of the grant project. 2 C.F.R. §200.309. This period of time is known as the period of performance. 2 C.F.R. §200.77. The period of performance is dictated by statute and will be indicated in the GAN. Further, certain grants have specific requirements for carryover funds that must be adhered to.

State-Administered Grants: As a general rule, state-administered federal funds are available for obligation within the year that Congress appropriates the funds for. However, given the unique nature of educational institutions, for many federal education grants, the period of availability is 27 months. Federal education grant funds are typically awarded on July 1 of each year. While the Association will always plan to spend all current grant funds within the year the grant was appropriated for, the period of obligation for any grant that is covered by the “Tydings Amendment” is 27 months, extending from July 1 of the fiscal year for which the funds were appropriated through September 30 of the second following fiscal year. This maximum period includes a 15-month period of initial availability, plus a 12-month period for carryover. 34 C.F.R. § 76.709. For example, funds awarded on July 1, 2015 would remain available for obligation through September 30, 2017.

Direct Grants: In general, the period of availability for funds authorized under direct grants is identified in the GAN.

For both state-administered and direct grants, regardless of the period of availability, the Association must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period unless an extension is authorized. 2 C.F.R. § 200.343(b). Any funds not obligated within the period of availability or liquidated within the appropriate timeframe are said to lapse and must be returned to the awarding agency. 2 C.F.R. § 200.343(d). Consequently, the Association closely monitors grant spending throughout the grant cycle.

Carryover

State-Administered Grants: As described above, the Tydings Amendment extends the period of availability for applicable state-administered program funds. Essentially, it permits recipients to “carryover” any funds left over at the end of the initial 15 month period into the next year. These leftover funds are typically referred to as carryover funds and continue to be available for

obligation for an additional 12 months. 34 C.F.R. § 76.709. Accordingly, the Association may have multiple years of grant funds available under the same program at the same time.

Direct Grants: Grantees receiving direct grants are not covered by the 12 month Tydings period. However, under 2 C.F.R. § 200.308, direct grantees enjoy unique authority to expand the period of availability of federal funds. The Association is authorized to extend a direct grant automatically for one 12-month period. Prior approval is not required in these circumstances; however, in order to obtain this extension, the Association must provide written notice to the federal awarding agency at least 10 calendar days before the end of the period of performance specified in the award. This one-time extension may not be exercised merely for the purpose of using unobligated balances.

The Association will seek prior approval from the federal agency when the extension will not be contrary to federal statute, regulation or grant conditions and:

- The terms and conditions of the Federal award prohibit the extension;
- The extension requires additional Federal funds; or
- The extension involves any change in the approved objectives or scope of the project. 2 C.F.R. § 200.308(d)(2).

Program Income

Definition

Program income means gross income earned by a grant recipient that is directly generated by a supported activity or earned as a result of the federal award during the grant's period of performance. 2 C.F.R. § 200.80.

Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under federal awards, the sale of commodities or items fabricated under a federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with federal award funds. Interest earned on advances of federal funds is not program income. Except as otherwise provided in federal statutes, regulations, or the terms and conditions of the federal award, program income does not include rebates, credits, discounts, and interest earned on any of them. 2 C.F.R. § 200.80. Additionally, taxes, special assessments, levies, fines, and other such revenues raised by a recipient are not program income unless the revenues are specifically identified in the federal award or federal awarding agency regulations as program income. Finally, proceeds from the sale of real property, equipment, or supplies are not program income. 2 C.F.R. § 200.307.

Use of Program Income

The default method for the use of program income for the Association is the deduction method. 2 C.F.R. § 200.307(e). Under the deduction method, program income is deducted from total allowable costs to determine the net allowable costs. Program income will only be used for current costs unless the Association is otherwise directed by the federal awarding agency or pass-through entity. 2 C.F.R. § 200.307(e)(1). The LEA may also request prior approval from the federal awarding agency to use the addition method. Under the addition method, program income may be added to the Federal award by the Federal agency and the non-Federal entity. The program income must then be used for the purposes and under the conditions of the Federal award. 2 C.F.R. § 200.307(e)(2).

While the deduction method is the default method, the Association always refers to the GAN prior to determining the appropriate use of program income.

Procurement System

The Association maintains the following purchasing procedures.

Responsibility for Purchasing

The Executive Director and Officer Coordinator may initiate purchases that use grant funds, but the purchases must be approved, in advance, by the Board President.

Purchase Methods

The type of purchase procedures required depends on the cost of the item(s) being purchased:

Purchases up to \$3,000 (Micro-Purchases without bids, but strong internal control to determine that a price is reasonable)

Micro-purchase means a purchase of supplies or services using simplified acquisition procedures, the aggregate amount (not per unit) of which does not exceed \$3,000. The micro-purchase method is used in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold.

To the extent practicable, the Association distributes micro-purchases equitably among qualified suppliers.

Micro-purchases may be awarded without soliciting competitive quotations if the Association considers the price to be reasonable. The Association maintains evidence of this reasonableness in the records of all micro-purchases.

Purchases between \$3,000 and \$50,000 (no sealed bids, but quotations are obtained from at least 2 qualified sources)

Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than \$50,000. If small purchase procedures are used, price or rate quotations are obtained from an adequate number of qualified sources.

Purchases over \$50,000

Sealed Bids (Formal Advertising): For purchases over \$50,000, bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the following conditions apply:

- A complete, adequate, and realistic specification or purchase description is available;
- Two or more responsible bidders are willing and able to compete effectively for the business; and
- The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

If sealed bids are used, the following requirements apply:

- Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, and for state, local, and tribal governments, the invitation for bids must be publically advertised;
- The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
- All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;
- A firm fixed-price contract award must be made in writing to the lowest responsive and responsible bidder.

Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of. Any or all bids may be rejected if there is a sound documented reason.

Competitive Proposals: The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

- Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;

- Proposals must be solicited from an adequate number of qualified sources; and
- Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

The Association may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

Contract/Price Analysis: The Association performs a cost or price analysis in connection with every procurement action in excess of \$50,000, including contract modifications. A cost analysis generally means evaluating the separate cost elements that make up the total price, while a price analysis means evaluating the total price, without looking at the individual cost elements.

The method and degree of analysis is dependent on the facts surrounding the particular procurement situation; however, the budget committee must come to an independent estimate prior to receiving bids or proposals. 2 C.F.R. § 200.323(a).

When performing a cost analysis, the budget committee negotiates profit as a separate element of the price. To establish a fair and reasonable profit, consideration is given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work. 2 C.F.R. § 200.323(b).

Noncompetitive Proposals (Sole Sourcing)

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- The item is available only from a single source;
- The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;

- The federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the Association; or
- After solicitation of a number of sources, competition is determined inadequate.

A cost or price analysis will be performed for noncompetitive proposals when the price exceeds \$50,000.

Full and Open Competition

All procurement transactions must be conducted in a manner providing full and open competition consistent with 2 C.F.R §200.319. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

- Placing unreasonable requirements on firms in order for them to qualify to do business;
- Requiring unnecessary experience and excessive bonding;
- Noncompetitive pricing practices between firms or between affiliated companies;
- Noncompetitive contracts to consultants that are on retainer contracts;
- Organizational conflicts of interest;
- Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and
- Any arbitrary action in the procurement process.

EDGAR further requires the following to ensure adequate competition.

Geographical Preferences Prohibited

The Association must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or encourage geographic preference. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

Prequalified Lists

The Association must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the Association must not preclude potential bidders from qualifying during the solicitation period.

Solicitation Language

The Association must ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible.

When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and identify all requirements which the offers must fulfill and all other factors to be used in evaluating bids or proposals. 2 C.F.R § 200.319(c).

Federal Procurement System Standards

Avoiding Acquisition of Unnecessary or Duplicative Items

The Association must avoid the acquisition of unnecessary or duplicative items. Additionally, consideration is given to consolidating or breaking out procurements to obtain a more economical purchase. And, where appropriate, an analysis must be made of leases versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.

These considerations are given as part of the process to determine the allowability of each purchase made with federal funds.

Use of Intergovernmental Agreements

To foster greater economy and efficiency, the Association enters into state and local intergovernmental agreements where appropriate for procurement or use of common or shared goods and services.

Use of Federal Excess and Surplus Property

The Association considers the use of federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

Debarment and Suspension

The Association awards contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

The Association may not subcontract with or award subgrants to any person or company who is debarred or suspended. For all contracts over \$25,000, the Association verifies that the vendor with whom the Association intends to do business with is not excluded or disqualified. 2 C.F.R. Part 200, Appendix II(1) and 2 C.F.R. § 180.220 and § 180.300.

The Accountant is responsible for checking the excluded parties list on Sam.gov.

Maintenance of Procurement Records

The Association must maintain records sufficient to detail the history of all procurements. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, the basis for the contract price (including a cost or price analysis), and verification that the contractor is not suspended or debarred.

Time and Materials Contracts

The Association may use a time and materials type contract only (1) after a determination that no other contract is suitable; and (2) if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and materials type contract means a contract whose cost to the Association is the sum of: the actual costs of materials, and direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency.

Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the Association must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

Settlements of Issues Arising Out of Procurements

The Association alone is responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the Association of any contractual responsibilities under its contracts. Violations of law will be referred to the local, state, or federal authority having proper jurisdiction.

Conflict of Interest Requirements

Standards of Conduct

In accordance with 2 C.F.R. § 200.18(c)(1), the Association maintains the following 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, or agent may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

The officers, employees, and agents of the Association may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts.

Disciplinary Actions

The Association will impose appropriate sanctions or disciplinary actions, including but not limited to termination and/or prosecution, for any employee or officer who violates any of these requirements related to standards of conduct and conflict of interest.

Mandatory Disclosure

Upon discovery of any potential conflict, the Association will disclose in writing the potential conflict to the federal awarding agency in accordance with applicable federal awarding agency policy.

Contract Administration

The Association maintains the following oversights to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. The Executive Director is responsible to ensure that the terms, specifications, and conditions of the contract are being met. If there is a problem noted, it is the responsibility of the Executive Director to notify the Board President regarding the situation.

Property Management Systems

Property Classifications

Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the Association for financial statement purposes, or \$5,000. 2 C.F.R. § 200.33. The Association's capitalization level is \$5,000.

Supplies means all tangible personal property other than those described in § 200.33 Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the Association for financial statement purposes or \$5,000, regardless of the length of its useful life. 2 C.F.R. § 200.94.

Computing devices means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or “peripherals”) for printing, transmitting and receiving, or storing electronic information. 2 C.F.R. § 200.20.

Capital assets means tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP. Capital assets include:

- Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and
- Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance). 2 C.F.R. § 200.12.

Inventory Procedure

New inventory that has a value of over \$5,000 is received by the purchaser. The Accountant runs an annual report that lists all items purchased throughout the year over this value, and the items are added to the depreciation schedule. Capital assets are divided between federal and local moneys spent for the purchase of the item and separate lists are maintained. Following the useful life of the item, it is terminated from the system and disposed of in accordance with federal or state regulations which are applicable to its type and originator of purchase funds.

Inventory Records

For each equipment and computing device purchased with federal funds, the following information is maintained in a spreadsheet:

- Serial number or other identification number;
- Source of funding for the property;
- Who holds title;
- Acquisition date and cost of the property;
- Percentage of federal participation in the project costs for the federal award under which the property was acquired;
- Location, use and condition of the property; and
- Any ultimate disposition data including the date of disposal and sale price of the property.

The Executive Director and Accountant are responsible for maintaining and verifying the inventory and updating the system processes for the Association. The equipment purchased is maintained by the Executive Director, and the Accountant enters these items into the depreciation schedule. When the useful life of the item is complete, the Executive Director will document the event and notify the Accountant. The item will then be removed from the depreciation schedule, and documentation is maintained as to the reason for the removal.

Physical Inventory

A physical inventory of the property is taken and the results reconciled with the property records every year. The Accountant will work in conjunction with the Executive Director to run reports and verify the location of the inventory.

Maintenance

The Association insures equipment acquired or improved with federal funds at the same levels in accordance with the same policies as provided to equipment purchased with local funds unless required to be insured by terms and conditions of the federal grant. 2 CFR § 200.310.

In accordance with 2 C.F.R. § 313(d)(4), the Association maintains adequate maintenance procedures to ensure that property is kept in good condition.

Lost or Stolen Items

The Association maintains a control system that ensures adequate safeguards are in place to prevent loss, damage, or theft of the property. Any loss, damage, or theft is investigated in accordance with the Association's policies and procedures.

Use of Equipment

Equipment must be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the federal award, and the Association will not encumber the property without prior approval of the federal awarding agency and the pass-through entity.

During the time equipment is used on the project or program for which it was acquired, the equipment will also be made available for use on other projects or programs currently or previously supported by the federal government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by the federal awarding agency that financed the equipment. Second preference is given to programs or projects under federal awards from other federal awarding agencies. Use for non-federally funded programs or projects is also permissible.

When no longer needed for the original program or project, the equipment may be used in other activities supported by the federal awarding agency, in the following order of priority: (1) activities under a federal award from the federal awarding agency which funded the original program or project; then (2) activities under federal awards from other federal awarding agencies.

Disposal of Equipment

When it is determined that original or replacement equipment acquired under a federal award is no longer needed for the original project or program or for other activities currently or previously supported by a federal awarding agency, the Executive Director will contact the awarding agency (or pass-through for a state-administered grant) for disposition instructions.

Generally, disposition of equipment is dependent on its fair market value (FMV) at the time of disposition. If the item has a current FMV of \$5,000 or less, it may be retained, sold, or

otherwise disposed of with no further obligation to the federal awarding agency. If the item has a current FMV of more than \$5,000, the federal awarding agency is entitled to the federal share of the current market value or sales proceeds.

If acquiring replacement equipment, the Association may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.

Written Compensation Policies (Time and Effort)

The Association has no employees that are compensated with Federal funds.

Record Keeping

Record Retention

The Association maintains all records that fully show: (1) the amount of funds under the grant or subgrant; (2) how the subgrantee uses those funds; (3) the total cost of each project; (4) the share of the total cost of each project provided from other sources; (5) other records to facilitate an effective audit; and (6) other records to show compliance with federal program requirements. 34 C.F.R. § 76.730-.731 and § 75.730-.731. The Association also maintains records of significant project experiences and results. 34 C.F.R. § 75.732. These records and accounts must be retained and made available for programmatic or financial audit.

Pursuant to the provisions of 34 C.F.R. § 81.31©, the USDE is authorized to recover any federal funds misspent within 5 years before the receipt of a program determination letter. Consequently, in accordance with TEA's General Provisions and Assurances and the statute of limitations, the Association retains records for a minimum of five (5) years from the date on which the final expenditure report is submitted or the ending date of the grant, whichever is later, unless otherwise notified in writing to extend the retention period by TEA or other awarding agency. However, if any litigation, claim, or audit is started before the expiration of the record retention period, the records will be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken. 2 CFR § 200.333

The Association's grant records are subject to records management requirements set forth by the Texas State Library and Archives Commission. The Association retains and destroys records

in accordance with these requirements. Failure to produce a program or fiscal record for an auditor or monitor during the 5-year retention period will most likely result in an audit or monitoring finding and the repayment of funds for the missing documentation.

Collection and Transmission of Records

It is becoming more common to store records electronically to conserve storage space. Storing records electronically is acceptable and is encouraged. In accordance with the provisions in 2 CFR § 200.335, whenever practical, the Association will collect, transmit, and store federal grant-related information in open and machine readable formats rather than in closed formats or on paper. However, TEA or other awarding agencies must always provide or accept paper versions of grant-related information to and from the Association up on request.

When original records are electronic and cannot be altered, there is no need to create and retain paper copies. When original records are paper, electronic versions may be substituted through the use of duplication or other forms of electronic media provided that they are subject to periodic quality control reviews, provide reasonable safeguards against alteration, and remain readable.

The retention period is the same whether the record is paper or electronic. However, a few precautions are in place.

It is permissible to scan hard copies of records and then store them electronically. The Association must comply with *Electronic Records Standards and Procedures* when scanning records. The Association's Accountant is aware of these standards.

Prior to scanning, the Accountant's employee must ensure that the original document has not been altered in any way. It is permissible to have *additional* hand-written notes on the original record, but the hand-written notes cannot obscure the contents of the original document in any way.

When scanning records, the employee must conduct *visual quality control* on each page of each document to ensure the scan is high quality and that it is *entirely* legible. Even one illegible line, word, or number on a scanned document is unacceptable by auditors, monitors, TEA, and other oversight agencies.

Once the original has been scanned and the employee has conducted a thorough visual quality control on each page of the document, the scanned version becomes the official record and the originals may be destroyed. However, before destroying any documents, the employee must

check with the Accountant. He or she may wish to confer with legal counsel or the auditor. There may be legal reasons for not destroying the originals. Also before destroying the originals, the employee will want to consider if there is any historical value to retaining the original, and if so, perhaps retain the original for historical purposes.

The employee must also ensure that each scanned document is properly indexed (labeled) so that a specific document can be easily searched and retrieved at a moment's notice. Failure to properly index a scanned document can result in the inability to retrieve it in a timely manner for audit or monitoring purposes, which could ultimately result in an audit or monitoring finding and the repayment of grant dollars.

The Association must also ensure that scanned versions can be preserved over the long term as technology becomes obsolete.

Records that are available only in electronic format are backed up on a regular schedule (such as nightly). If the original electronic records are destroyed or lost due to any reason, the backup location will have a duplicate copy of the records.

Access to Records

The Association provides the awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives the right of access to any documents, papers, or other records of the Association which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the Association's personnel for the purpose of interview and discussion related to such documents.

Privacy

The privacy of student and employee personal information is restricted to those with a vested interest or those in a specific job related role for access. Passwords are used for software programs and websites utilized by the Association.

Legal Authorities and Helpful Resources

The following documents contain relevant grants management requirements. Staff should be familiar with these materials and consult them when making decisions related to the federal grant.

- Education Department General Administrative Regulations (EDGAR)
 - <http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>
- Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 200)
 - <http://www.ecfr.gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&node=pt2.1.200&rgn=div5>
 -
- USDE's Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 3474)
 - http://www.ecfr.gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&tpl=/ecfrbrowse/Title02/2cfr3474_main_02.tpl
- Federal program statutes, regulations, and guidance
 - <http://www.ed.gov/>
- Texas State Library and Archives Commission
 - <https://www.tsl.texas.gov/landing/records-mgt.html>
- Association regulations, rules, and policies
 - <https://texashosa.org/advisors/handbooks/>

Appendix A

BUDGET CODES

Area		Expense - Continued	
State	00	Entertainment	7180
Area I	01	Equipment	7200
Area II	02	Facility Use	7220
Area III	03	Food Costs - Events	7240
Area IV	04	Insurance	7260
Area V	05	Janitorial Services	7280
Area VI	06	Legal Fees	7290
Area VII	07	Lodging	7300
Board of Directors	10	Meals	7320
		Office Space Lease	7340
		Operating Expense	7360
		Parliamentarian	7380
		Pins	7400
		Postage	7420
		Public Relations	7440
		Registration	7460
		Repairs & Maintenance	7480
		Scholarships	7500
		Security	7520
		Service Fees	7540
		Speakers	7560
		Spirit Items	7580
		Stipend - Conference Chair	7600
		Stipend - Officer Coordinator	7620
		Supplies & Materials	7640
		Taxes - Payroll	7660
		Telephone/Internet	7680
		Testing Fees	7700
		Transportation	7720
		Travel - Miscellaneous	7740
		T-Shirts	7760
		Uniforms	7780
		Utilities	7800
		Van Rental	7820
		Wages	7840
		Wages - Bi-Weekly	7842
		WLA	7860
		Other Expense	7999

Event	
January BOD	100
Fall Conference	200
Fall Conference (4 East)	201
Area Conference	300
State Conference	400
Planning - State	401
National Conference	500
PDC	680
LDI	690
Other Conferences	700
Perkins Grant	800
State Officers	930
Executive Director	940
Officer Coordinator	950
Accounting & Audit	960
General & Administration	970
Scholarships	980

Expense	
Accounting & Audit	7000
Airfare	7020
Audio/Visual	7040
Awards	7060
Bad Debt	7080
Bank Charges	7100
Contract Labor/Consulting	7120
Copying/Printing	7140
Depreciation	7160