

SECTION 10: GRANT MANAGEMENT

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What's New?

- Updated list of Fund & Descriptions

General Information

Special revenue funds are funds accepted by the Board of Trustees from federal, state, local, and private sources for the purpose of financing specific educational programs. The approved funds are referred to as programs or grants. These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

A grant is created when an application is filed with the Texas Education Agency (TEA), the United States Department of Education (USDE), or other funding agency, and an agreement is made between the applicant (Galena Park ISD) and the agency. The agency approves the amount of the grant, the funding period and the conditions related to the approval of the funds. Approval is executed through the Notice of Grant Award (NOGA).

The funds for grants are obtained through federal, state, local and private agencies. Funding can come directly from the federal agency or through a pass-through agency, such as TEA. State funds are authorized by statutory provisions and regulations of the TEA. Local funds come from sources such as city or county governments. Private funds are authorized by private sources, such as foundations, businesses and industries.

All grants are to be utilized according to the terms of the approved budget, which has been approved by the grantor and the grantee. Any activities or expenditures must follow all normal financial procedures of the District and any deviations from those procedures must be preapproved by the Chief Financial Officer prior to applying for the grant.

If a grant is awarded to the District, a campus or a department, the program contacts or grant manager must immediately provide a copy of the following documents to the Special Revenue Accountant:

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- Application and any supplemental application documents
- Program Guidelines or Grant Handbook
- Budget and/or list of intended purchases
- Notice of Grant Award (NOGA) or similar document, e.g. email notification of award
- Reporting timelines (including program and financial reporting dates)

The grant manager is responsible for the administration of the grant, including compliance with grant specifications/guidelines/timelines and with proper program reporting to the awarding agency or organization. The Special Revenue Accountant is responsible for allocating the award in the District's financial system, requesting reimbursement drawdown and financial reporting.

The District maintains a Grants Website to facilitate end users with the processes and procedures needed to apply for a grant. Please visit the website at **GPISD Home Page-Departments-Grants** or <https://www.galenaparkisd.com/Domain/4811>

Certain Federal Grant applications require that the District provide public notice of the federal grant application through an information item at a Board of Trustees meeting as well as publication on the District website. There may be requirements to have opportunities available for public input prior to application for federal grants. Galena Park ISD Board Policy CB(Local) addresses this requirement. Individuals applying for federal grants should educate themselves on the requirements of the grant.

Special Revenue Funds

Fund	Fund Name & Description
205	Head Start - funds used to promote the school readiness of low-income preschool children (ages 3-5), including children of migratory seasonal and farmworkers, and infants and toddlers (birth through age 3) by enhancing their cognitive social and emotional development in learning environments that support their growth in language, literacy, mathematics, science, social and emotional functioning, creative art, physical skills and approaches to learning
206	McKinney- Vento Support for Homeless Education - to ensure the enrollment, attendance and success of homeless children and youth in school
211	ESEA, Title I, Part A - supplemental service designed to accelerate the academic achievement of economically disadvantaged students, especially in the tested areas, to ensure that state standards are met on identified campuses
212	ESEA Title I, Part C - for funds granted for programs benefiting children of migrant agriculture or agriculture-related workers and children of migrant fisherman
224	IDEA - Part B, Formula - salaries and supplies to aid children with disabilities with low reading achievement
225	IDEA - Part B, Preschool - aids preschool students with disabilities
240	Child Nutrition Program - federal reimbursement revenues originating from the United States Department of Agriculture and fees from child and adult meals
244	Carl D. Perkins Vocational Education - funds are for the use of various vocationally-inclined students in regular, disadvantaged and disability classes

255	ESEA, Title II, Part A - Supporting Effective Instruction supplements the professional development, retention and recruitment programs district-wide, specifically on high needs campuses
263	ESEA, Title III, Part A - English Language Acquisition - provides additional educational opportunities to supplement programs for students of limited English proficiency and immigrant children by assisting the children to learn English and meet challenging
265	21st Century Community Learning Centers - provides after-school activities for students in elementary through high school
280	American Rescue Plan (ARP) Act – Homeless II – Education For Homeless Children and Youth Program - used to account for federal stimulus funds through the ARP Act to identify and provide homeless children and youth with services in light of the challenges of COVID-19, and to enable homeless children and youth to attend school and participate fully in school activities.
282	ESSER III (Elementary & Secondary School Emergency Relief Fund III) of the American Rescue Plan Act of 2021 – accounts for federal stimulus ESSER III funds granted to LEAs through the American Rescue Plan Act to address learning loss and the disproportionate impact of the coronavirus on certain student subgroups, identify and provide homeless
288	Summer School – LEP - provide a summer school program for limited English proficient (LEP) students who will be eligible for admission to kindergarten and first grade at the beginning of the next school year
289	Various Federal Funds - supports and encourages the development of new, self-supporting, community anti-drug coalitions: early childhood summer programs, library grants, wetlands, and water education
397	Advanced Placement Incentives - enhancement of Advanced Placement programs on specific campuses based on student scores on Advanced Placement examinations
410	Instructional Materials Allotment - provides funds to purchase instructional materials, technological equipment and technology-related services
427	Read to Succeed Award – License plates purchased through TXDMV; Grants to TX Reads program for educational library materials.
429	Other State Funded Special Revenue Funds - provides funds to help schools fund various programs including mentors and campus awards
459	Shared Services Arrangements –State-Funded & Locally Funded Educational Programs (Includes State or Local Supplement to Federal Funding - accounts for state-funding and locally funded shared services arrangements not listed above. Any locally defined codes that are used at the local option must be converted to code 459 for PEIMS reporting
461	Campus Activity - proceeds from fundraising activities, vending sales, corporate and private donations to school-sponsored activities benefiting students and staff of the campus (this is administered at campus level)

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465	Locally Sponsored Activity - proceeds raised by extracurricular student groups that charge dues as a requirement of membership and Booster Clubs
481	Other Local Grants - grants from local businesses or organizations to be used for educational activities
486	Miscellaneous Donations - local donations used for specific education purposes as specified by the donor

EDGAR Implementation

Galena Park ISD implemented the new EDGAR procurement rules on July 1, 2018. Purchasing thresholds were developed to establish guidelines for levels and types of procurement.

See Section 04: Purchasing for more information.

Determining Allowability of Costs

Grantees are required to have written procedures for determining the *allowability* of costs charged to federal grants according to 2 CFR § 200.302(b) (7). All costs must be allowable under the federal cost principles in 2 CFR Part 200, Subpart E, and under the terms and conditions of the specific federal award.

Expenditures must be aligned with budgeted items in the approved grant application. Certain changes or variations from the approved budget and grant application need prior approval from TEA or other awarding agency. Refer to TEA's guidelines on *When to Submit an Amendment* (under *Amendment Submission Guidance*) at http://tea.texas.gov/Finance_and_Grants/grants/grants-administration/amending-an-application to determine when an amendment to the budget is required for TEA grants.

When determining how the District will spend grant funds, the Executive Director for Federal Programs and Compliance and the Federal Programs Assistant will review the proposed cost **and document** how it is determined whether it is an allowable use of federal grant funds **before** obligating and spending those funds on the proposed goods or services. All expenditures made with federal education funds must meet the standards outlined in EDGAR, 2 CFR Part 3474, and 2 CFR Part 200. The assigned program manager and fiscal staff, including campus principals and financial clerks must consider the following factors when making an allowability determination.

For a cost to be allowable under a federal grant program, the District ensures it meets *all* of the following conditions. A cost that does not meet all of these conditions could be questioned during an audit or monitoring visit and could require repayment to the awarding agency. The cost must be:

- reasonable in cost
- necessary to accomplish the objectives of the grant program

- based on an identified need, concern, or area of weakness within the grant program
- appropriate under the authorizing program statute
- consistent with the underlying needs of the program in that it benefits the intended population of students or teachers for which the funds are appropriated
- allocable to the grant based on the relative benefits received
- authorized or not prohibited under state or local laws or regulations
- consistent with policies, regulations, and procedures that apply to all activities, including other grants and state and local activities
- treated consistently as either a direct cost or as an indirect cost
- determined in accordance with Generally Accepted Accounting Principles (GAAP)
- not used to meet cost sharing or matching requirements of another federal grant (unless specifically permitted in the other program statute or regulations)
- consistent with the terms and conditions of the grant award
- budgeted in the approved grant application
- adequately documented with appropriate supporting original source documentation
- the net of any applicable credits such as rebates or discounts
- allowable under the federal cost principles
- in most cases, supplemental to the core foundation program of the school and to other activities normally conducted by the school (i.e., supplement, not supplant)
- if the school is a Title I schoolwide program, the grant program's activities and applicable costs must be included in the schoolwide plan, the school must have conducted a comprehensive needs assessment, and the plan must contain the required components specified in statute (see Title I, Part A, §1114[b]).

Reasonable Costs:

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." Reasonable" means that sound business practices were followed, and purchases were comparable to current market prices.

A cost can be *reasonable* if it meets *all* of the following conditions:

- Prudence was used in making the decision to incur the cost, considering the person's responsibilities to the District, its employees, the public, and the federal government.
- It is necessary to carry out the objectives of the grant program or is recognized as an ordinary cost to operate the organization.
- The District applied sound business practices; arms-length bargaining (i.e., the transaction was with an unrelated third party); federal, state, and other laws and regulations; and the terms and conditions of the award in making the decision.
- The price is comparable to that of the current fair market value for equivalent goods or services.
- There were no significant deviations from the established practices of the organization, which may unjustifiably increase the cost.

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Necessary Costs:

While 2 CFR § 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. It means it is vital or required in order to meet the objectives of the grant or for the grant to be successful. *Necessary* does *not* mean “nice to have,” which means it is *not necessary* to accomplish the objectives of the program in that it is not vital or required for the success of the program.

A key aspect in determining whether a cost is *necessary* is whether the district can demonstrate that the cost addresses an existing need and can prove it. For example, the district may deem a language skills software program necessary for a limited English proficiency program.

When determining whether a cost is *necessary*, the District considers:

- 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 benefits received*. This means that the federal grant program derived a benefit in proportion to the funds charged to the program, 2 CFR § 200.405. For example, if 50% of a supplementary teacher’s salary is paid with grant funds, then that teacher must spend at least 50% of his or her time on the grant program. Additionally, if equipment or supplies purchased with grant funds benefits more than one grant program, the purchase must be “split-funded” among the grant programs receiving benefit. The District must be able to demonstrate how a particular cost benefits the specific population being served in the grant. This is an area of frequent audit exceptions.

Consistent with policies and procedures:

Consistent with policies and procedures that apply uniformly to both federally financed and other activities of the District. For example, personnel whose travel is paid with federal funds is reimbursed at the same rates as personnel whose travel is paid with state or local funds, and the grant is charged accordingly.

Conform to any limitations:

Conform to any limitations or exclusions set forth as cost principles in 2 CFR Part 200, Subpart E, 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 with original source documentation that is clearly written and maintained on file (either electronically or on paper) with accounting records. Documentation includes purchase

orders/requisitions, invoices, receipts, verification of receipt of goods and services, travel authorizations and vouchers, contracts, time-and-effort records, copies of checks, bank statements, etc. Expenditures that are not supported by source documentation cannot be charged to the grant.

In accordance with GAAP:

Determined in accordance with GAAP, unless provided otherwise in 2 CFR Part 200.

Not included as a match or cost-share of another federal program:

Unless the specific federal program authorizes federal costs to be treated as such. Some federal program statutes require the grantee to contribute a certain amount of non-federal resources to be eligible for the federal program.

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, such as credits. To the extent that such credits accruing to or received by the District 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 CFR § 200.406.

2 CFR Part 200's cost guidelines must be considered when federal grant funds are expended. Federal rules require state and District-level requirements and policies regarding expenditures to be followed as well. For example, state and/or District policies relating to travel or equipment may be narrower or more restrictive than the federal rules. In this case, the stricter State and/or District policies must be followed.

For complete guidance on determining allowability of costs refer to the *GPISD Federal Programs and Grants Policies and Procedures Manual* located on the District's website under the Federal Programs department page.

District Credit Cards

As mentioned in the previous topic, EDGAR regulation 2 CFR § 200.302(b)(7) requires that grantees have written procedures for determining the *allowability* of costs charged to federal grants **and** documentation that written procedures were followed to make the determination. The District will limit its liability related to items purchased with District credit cards to be paid with federal funds; therefore, use of the District Procurement Card for items to be paid with federal funds (2XX-4XX) is not allowed.

The District has made available Special Revenue Procurement Cards and Sam's Club credit cards to purchase items to be paid with federal funds (2XX-4XX). **An approved purchase order or prior written approval must be in place before obligating and spending the funds on the credit card.** Purchase Orders are the preferred method for registration when using federal funds and P-Cards can only be used with prior approval from the appropriate Grant Manager.

Employees who receive and use the cards must submit to the Business Office *the original itemized receipt* attached to a *Receipt Submission Form*, located on the District's website under the Business Services

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department subfolder, Business Services Forms, that identifies each item purchased (not the credit card payment summary). The itemized receipt constitutes the required original source documentation, must be legible, and must clearly identify the date of the transaction and *each item* that was purchased. **The employee must provide documentation on how each item was used to benefit the grant program. If the employee does not provide an original, itemized receipt, the expenditure will not be charged to the federal fund.** In addition, the written approval to use the procurement card for the transaction must be attached.

See Section 04: Purchasing: District Credit Cards for more information.