



**SHARYLAND**  
**INDEPENDENT SCHOOL DISTRICT**  
**Excellence is our Tradition**

# **BUSINESS ADMINISTRATIVE PROCEDURES MANUAL**

## **PREFACE**

This manual is designed to provide a set of standardized guidelines and procedures for the administration of the Sharyland Independent School District and its Funds. Principals, directors, secretaries and clerks, teachers, sponsors and other personnel are responsible for following the guidelines and procedures prescribed in this manual.

This manual is a working document and is subject to change. Please follow the most current update.

This manual supersedes all prior publications regulating the administration of business procedures.

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## **Introduction**

The Business Office is responsible for financial accounting for all school district funds, coordination of all financial sub-systems, maintenance of federal programs and grants, accounts payable, payroll, purchasing, fixed assets, risk management and investments of the district.

## **Hours & Location of Business Office**

Hours: Monday-Friday 8:00 a.m. - 5:00 p.m.  
Physical Address: 1200 N. Shary Road  
Mission, Texas 78572

## **Departments & Functions**

### **Accounting Department**

Coordination and supervision of the Finance, Business, Accounting, Payroll, Budget, Risk Management, Purchasing and Fixed Assets department. Responsible for the development and control of the school district budget.

### **Accounts Payable Department**

Responsible for receiving invoices and paying the school district's bills.

### **Purchasing Department**

Responsible for reviewing and procuring supplies, equipment, services, etc. for the District.

# PERSONNEL LISTING

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# I. BUSINESS ADMINISTRATION

## FISCAL YEAR

The fiscal year of our school district begins on September 1 of each year, as determined by our board of trustees. The commissioner may adopt rules concerning the submission of information by a district under Chapter 39 or 42 based on the fiscal year of the district.

## SEGREGATION OF CONTROLS

As a school district writes an information management plan, inherent in the process should be consideration of internal controls. Each school district should have an internal control structure in place to provide reasonable assurance that the school district's assets are safeguarded from unauthorized use or disposition. The attitude of a school district's administration about the importance of internal controls is a key factor in the successful implementation of an internal control system. Development of policies and procedures that include internal control elements is critical. Willingness to immediately take corrective action when deficiencies are discovered is also important. When a school district creates an internal control plan, it should consider including:

- Security measures to safeguard the school district's assets from internal or external misuse (such as video monitoring, limiting access, security codes and computer passwords)
- Segregation of duties
- Hardware and software controls
- Internal audit and review functions
- External audits

## ADMINISTRATIVE COST RATIO

SB 900 enacted during the 78th Texas Legislature's Regular Session in 2003 repealed Section 42.201 of the Texas Education Code (TEC) relating to administrative cost ratios. The bill continued the statute only for the limited purpose of recovering amounts from districts that meet the criteria for excess administrative costs for 2002-2003. Historical Information from 1995 and will continue to be maintained at this site for reference purposes.

TEA also sets annual rules for the calculation of administrative costs and the acceptable administrative cost ratio for school districts based upon their size and student population characteristics. The components of administrative cost are defined as operating expenses made from funds other than federal funds associated with managing, planning, directing, coordinating and evaluating a school district.



Administrative costs include costs classified in Account Code Functions 21 (Instructional Leadership) and 41 (General Administration) as defined in the Financial Accounting and Reporting modules. The administrative cost ratio is calculated by dividing administrative costs by instruction costs, expressed as a percentage. Instruction costs are defined as operating expenses made from funds other than federal funds associated with teacher student instruction. Instructional costs are costs classified in Account Code Functions 11 (Instruction), 12 (Instructional Resources and Media Services), 13 (Curriculum Development and Instructional Staff Development), and 31 (Guidance, Counseling and Evaluation Services) as defined in the Financial Accounting and Reporting module.

Both administrative and instructional costs are discussed in greater detail in the Financial Accounting and Reporting module. Although the administrative cost ratio is no longer required by state law it remains an indicator in the Financial Integrity Rating System of Texas (FIRST).

### **SCHOOLS FINANCIAL INTEGRITY RATING SYSTEM OF TEXAS (FIRST)**

The District is required to prepare and distribute an annual financial management report . The report shall contain information on state-established standards and the District's financial management performance for the current and previous years, financial accountability ratings. [Board Policy BBFA, CAA](#)

School FIRST is a financial accountability system for Texas school districts developed by the Texas Education Agency (TEA) in response to Senate Bill 875 of the 76<sup>th</sup> Texas Legislature in 1999. The primary goal of School FIRST is to achieve quality performance in the management of school districts' financial resources. This goal is made more significant due to the complexity of accounting associated with Texas' school finance system.

In order to comply with the requirements given in [Title 19 of the Texas Administrative Code \(TAC\), §109.1005](#), all LEAs are required to report information and financial accountability ratings to parents and taxpayers by implementing specific reporting procedures, including the following:

1. Within two months after receipt of its final FIRST rating, each LEA must announce and hold a public meeting to distribute a financial management report that explains the LEA's rating and its performance under each of the indicators used in TEA's analysis for the current year and each of the indicators used in TEA's analysis for the prior year.
2. The LEA must inform taxpayers of this public meeting by publishing two newspaper notices, the first of which may not be published more than 30 days prior to or less than 14 days prior to the public meeting.

This public meeting may be combined with a scheduled regular meeting of the LEA's governing board.

The financial management report must include specific information described in 19 TAC §109.1005. To help LEAs prepare the report, TEA has created a template for the report that LEAs can follow. In addition to the required information, LEAs are encouraged to provide additional information in the report that will be beneficial to taxpayers, especially information that can explain any special circumstances that may have affected the LEA's FIRST rating.

At the public meeting, the LEA should review the information that must be included in the financial management report.

LEAs should review [all of the requirements](#) given in 19 TAC §109.1005 for additional information.

Please note that as part of the financial management report, each LEA must provide a summary of the data that was previously submitted to TEA for purposes related to financial solvency. This data is required under the [financial solvency provisions](#) of Texas Education Code §39.0822.

### **Accreditation Status**

In accordance with the [accreditation status rules](#) given in 19 TAC §97.1055, TEA will take into consideration an LEA's FIRST rating when assigning an accreditation status

### **BOND RATING**

A bond rating is a measure of the quality and safety of a bond, based on the issuer's financial condition. More specifically, a bond rating is an evaluation from a rating service indicating the likelihood that a debt issue will be able to meet scheduled interest and principal repayments. Typically, AAA is highest, and D is lowest.

Although the Bond Review Board (BRB) does not play a part in the approval of local government debt issuance, one of the agency's goals is to ensure that public officials have access to current information regarding debt issuance, finance, and debt management. The agency is mandated by statute (Chapter 1231.062, Texas Government Code) to submit a report to the legislature that contains statistical information concerning the bonds and other debt obligations issued by local governments (cities, community & junior colleges, counties, health & hospital districts, independent school districts, water districts and other special districts).

## SUMMARY OF FINANCE

State aid templates (worksheets) are used to estimate state revenue. TEA prepares a preliminary Summary of Finance and posts it on their website typically in late August. Revisions to the Summary of Finance are posted as new data becomes available. In late September or early October, TEA posts a Near-Final Summary of Finance that has been adjusted based on the summer PEIMS submission of student attendance data. The following spring, typically in March or April, TEA posts a Final Summary of Finance that has been adjusted based on the actual collections as submitted on the Annual Financial Audit Report by each school district.

TEA continuously updates the Summary of Finance during the course of the fiscal year so it is imperative that the Accounting staff check for updates on a regular basis.

## TRUTH-IN-TAXATION

The Texas Constitution, Property Tax Code and Education Code embody the concepts of truth-in-taxation to require school districts to comply with certain steps in adopting their tax rates. The truth-in-taxation laws have two purposes:

- to make taxpayers aware of tax rate proposals; and
- to allow taxpayers, in certain cases, to roll back or limit a tax increase.

After the appraisal district certifies appraised values, school districts take the first step toward adopting a tax rate by calculating the *effective, effective maintenance and operations (M&O) and rollback tax rates*. [Board Policy CCH](#)

**Effective tax rate** – The effective tax rate is a calculated rate that would provide the school district with about the same amount of revenue it received in the year before, on properties taxed in both years. If property values rise, the effective tax rate will go down and vice versa.

**Effective M&O tax rate.** House Bill (HB) 1, 79th Legislature, 3rd Called Session amended Section 26.08, Tax Code, to create a new definition for a school district *effective M&O rate*. The effective maintenance and operations rate is the rate that, when imposed on the current year's taxable value, yields state and local revenue per student equal to the state and local revenue per student for the preceding year including the new funds distributed for property tax relief and additional funding for teacher pay raises and high schools.

**Rollback tax rate** – The *rollback tax rate* is a calculated maximum rate allowed by law without voter approval. The rollback rate for Tax Year 2007 and subsequent years is the LESSER of (1) the sum of the current compression percentage (.6667 for 2007) times \$1.50 (or times the 2005 M&O rate for school districts with 2005 M&O rates above \$1.50), plus 4 cents, plus the rate that is equal to the sum of any differences between the adopted tax rate and the rollback tax rate approved by the voters for 2006 and subsequent years, plus the current debt rate OR (2) the sum of the effective M&O tax rate (previously defined) plus the rate equal to the current state compression percentage times .06 (this amounts to 4 cents in 2007), plus the current debt rate. In future years, the commissioner of education may determine a different compression percentage.

If a school district adopts a tax rate that is higher than the rollback rate, school board trustees must hold an election to ask voters to approve the rate. [Board Policy CCG](#)

School districts publish their rollback rates in local newspapers, along with other information about budget and tax revenues in a notice entitled, *Notice of Public Meeting to Discuss Budget and Proposed Tax Rate*.

### **MID-YEAR PEIMS SUBMISSION**

A report of the revenues and expenditures for the preceding fiscal year shall be filed with TEA on or before the date set by the State Board of Education. The report shall include management, cost accounting, and financial information that will enable the State Board to monitor the funding process and determine educational costs by district, campus, and program. *Education Code 44.007(c), (d)*

# II. BUDGET

## LEGAL REQUIREMENTS

Sections 44.002 through 44.006 of the Texas Education Code establish the legal basis for budget development in school districts. **Board Policy CE, CEA** The following six items summarize the legal requirements from the code:

- The superintendent is the budget officer for the district and prepares or causes the budget to be prepared.
- The district budget must be prepared by a date set by the state board of education, currently August 20.
- The president of the board of trustees must call a public meeting of the board of trustees, giving ten days public notice in a newspaper, for the adoption of the district budget. Any taxpayer in the district may be present and participate in the meeting.
- No funds may be expended in any manner other than as provided for in the adopted budget. The board does have the authority to amend the budget or adopt a supplementary emergency budget to cover unforeseen expenditures.
- The budget must be prepared in accordance with GAAP (generally accepted accounting principles) and state guidelines.
- The budget must be legally adopted before the adoption of the tax rate.

TEA has developed additional requirements for school district budget preparation as follows:

- The budget must be adopted by the board of trustees, inclusive of amendments, no later than August 31.
- Minutes from district board meetings will be used by TEA to record adoption of and amendments to the budget.
- Budgets for the General Fund, the Food Service Fund and the Debt Service Fund must be included in the official district budget.
- The officially adopted district budget, as amended, must be filed with TEA through PEIMS (Public Education Information Management System) by the date prescribed in the annual system guidelines. Revenues, other sources, other uses, and fund balances must be reported by fund, object, fiscal year, and amount. Expenditures must be reported by fund, function, object, organization, fiscal year, program intent and amount. These requirements are discussed in further detail in

the Data Collection and Reporting module.

- A school district must amend the official budget before exceeding a functional expenditure category, i.e., instruction, administration, etc., in the total district budget. The annual financial and compliance report should reflect the amended budget amounts on the schedule comparing budgeted and actual amounts. The requirement for filing the amended budget with TEA is satisfied when the school district files its Annual Financial and Compliance Report.
- In addition to state legal requirements, individual school districts may establish their own requirements for annual budget preparation. Local fiscal policies may dictate budgetary requirements which go beyond those required by the Texas Education Code and TEA. These policies may include:
  - Fund balance levels
  - Debt service fund balance accumulation
  - Financial performance comparison measures
  - Staffing levels

There are four truth-in-taxation principles, which apply to taxing units:

- Property owners have the right to know of increases in their properties' appraised values and to be notified of the taxes that could result from the new value.
- A taxing unit must calculate and publish the effective and rollback tax rates before adopting an actual tax rate.
- A unit must publish special notices and hold a public hearing before adopting a tax rate that exceeds the effective tax rate or the rollback rate.
- If the unit adopts a rate that exceeds the rollback rate, voters may start a petition for an election to limit the rate to the rollback rate. School districts must hold rollback elections to limit tax increases above the rollback rate for the current year, without a petition.

One of the equalization features of the funding formula is a cap on wealth per WADA. Chapter 41 of the Texas Education Code establishes an equalized wealth level of \$319,500 and gives districts above this level several methods to either reduce wealth or increase WADA in order to achieve the equalized level.

Districts may use any combination of five options: (1) consolidating school districts, (2) consolidating school tax bases, (3) contracting with the State of Texas to shed the excess wealth, (4) Contracting to educate children in another school district and paying the state for

student attendance credits, or (5) de-annexing and annexing property between school districts. These steps affect the truth-in-taxation rollback rate steps.

## **CAMPUS AND DEPARTMENT BUDGETING METHODOLOGY**

Estimated student counts for budget development are taken from PEIMS submissions and compared to pupil projection templates for reasonability. State compensatory student counts are taken from Food Service Department's free & reduced lunch counts. Overall, campus allocations vary year to year due to the needs assessment and the student population counts in special programs. Departmental budgets have been adjusted based on previous year's allocations, known changes in funding requirements and previous year's spending patterns.

## **BUDGET CALENDAR**

A budget calendar is prepared every year and is published at the start of the budget process in February.

## **REVENUE ESTIMATES**

The Business Office will prepare all revenue estimates for the coming year. These estimates are drawn from templates, PEIMS data, valuations, and historical analysis.

## **BUDGET AMENDMENTS**

There are two distinct types of budget amendments:

- Amendments that move budgeted funds between accounts but within the same function
- Amendments that move funds from one account to another and which also change function codes

The first does not require Board of Trustee approval and can be processed at any time during the year. However, the second must, by law, be presented to the Board of Trustees for approval. Budget amendments that require Trustee approval are presented to the Board periodically during the fiscal year, typically on an as needed basis.

## **SPECIAL REVENUE FUND BUDGETING**

The Executive Director of Finance, Accountants and Director of Federal Programs work together to budget special revenue funds (other than the Food Service Fund). Special revenue fund budgets include campus request of supplies and materials, personnel costs, contracted services, other operating cost, and indirect cost. **Board Policy CBA, CBB.**

# III. ACCOUNTING

## ACCOUNTING OVERVIEW

Section 44.007 of the Texas Education Code requires that a standard school district fiscal accounting system be adopted by each school district. The system must meet at least the minimum requirements prescribed by the State Board of Education and also be subject to review and comment by the state auditor. Additionally, the accounting system must conform to Generally Accepted Accounting Principles (GAAP). This section further requires that a report be provided at the time that the school district budget is filed, showing financial information sufficient to enable the state board of education to monitor the funding process and to determine educational system costs by school district, campus and program.

The Texas Education Code, Section 44.008, requires each school district to have an annual independent audit conducted that meets the minimum requirements of the state board of education, subject to review and comment by the state auditor. The annual audit must include the performance of certain audit procedures for the purpose of reviewing the accuracy of the fiscal information provided by the district through PEIMS. The audit procedures are to be adequate to detect material errors in the school district's fiscal data to be reported through the PEIMS system for the fiscal period under audit review. A major purpose of the following accounting code structure is to establish the standard school district fiscal accounting system required by law. Although certain codes within the overview may be used at local option, the sequence of the codes within the structure, and the funds and chart of accounts, are to be uniformly used by all school districts in accordance with generally accepted accounting principles. [Board Policy CFA, CFC](#)

### Code Structure Example:

Fund	Function	Object	Sub-Object	Organization	Fiscal Year	Program Intent	Local Option
199	11	6399	00	001	7	11	000

### Fund Code:

A mandatory **3**-digit code is to be used for all financial transactions to identify the fund group and specific fund. The first digit refers to the fund group and the second and third digit specifies the fund.

### Governmental Fund Types

100-699

199- General Fund



### Special Revenue Funds

200/300/400

Proceeds of specific revenue sources that is legally restricted to expenditures for a specific purpose

(Federal: 200-379, State: 380-459, Local 460-499)

### Capital Project Funds

600-699

Must be used to account on a project basis for proceeds from bond issues

699 Capital Project Funds

### Trust and Agency Funds

800-899

Funds used to account for assets held by a school district in a trustee capacity, or as an agent

865-student activity fund

### **Function Code:**

A mandatory **2**-digit code applied to expenditures/expenses that identify the purpose of the transaction. The first digit identifies the major class and the second digit refers to the specific function within the area.

11-Instructional

12-Library

13-Staff Development for staff classified in functions 11, 12 & 13

21-Instructional Leadership (District Offices)

23-School Leadership (Campus Offices)

31-Guidance, Counseling and Evaluation Services

33-Health Services

34-Student Transportation (to and from school)

35-Food Services

36-Cocurricular Activities

41-General Administration

51-Plant Maintenance and Operations (Custodial)

52-Security and Monitoring Services

53-Data Processing Services

61-Community Services

81-Facilities Acquisitions and Construction

**Object Code:**

A mandatory 4-digit code identifying the nature and object of an account, a transaction or a source. The first of the four digits identifies the type of account or transaction, the second digit identifies the major area, and the third and fourth digits provide further sub-classifications.

## Revenue Object Codes

57XX-Local Revenue

58XX-State Revenue

59XX-Federal Revenue

## Expenditure Object Codes

61XX-Payroll Codes

62XX-Professional and Contracted Services

63XX-Supplies and Material

64XX-Other Operating Costs

66XX-Capital Outlay

**Sub-Object Code:**

A 2-digit code that denotes the group, club or activity particular funds are associated with, allowing more detailed accountability at the local level.

**Organization Code:**

A mandatory 3-digit code identifying the organization, i.e., High School, Middle School, Elementary School, Superintendent's office, etc. An organization code does not necessarily correspond with a physical location. The activity, not the location, defines the organization. Campuses are examples of organization codes and are specified for each school district in the Texas School Directory.

**Example:** Expenditures for a high school might be classified as 001. This is a campus organization code that is defined in the Texas School Directory for that high school.

001-040 High School Campuses

041-100 Middle School Campuses

101-199 Elementary School Campuses

600-698 Capital Projects

699 Summer School

700-799 Administrative

998 Unallocated

999 Undistributed

## Program Intent Code:

A 2-digit code used to designate the intent of a program provided to students. These codes are used to account for the cost of instruction and other services that are directed toward a particular need of a specific set of students. The intent (the student group toward which the instructional or other service is directed) determines the program intent code, not the demographic makeup of the students served.

**Example:** An entire class of physics is taught at the basic level. Program intent code 11 would designate Basic Educational Services.

- 11-Basic Educational Services
- 21-Gifted and Talented
- 22-Career and Technology
- 23-Students with Disabilities
- 24-Accelerated Education (“At Risk Students”)
- 25-Bilingual Education and Special Language Programs
- 26-Non-Disciplinary Alternative Education Program (Non-Supplemental)
- 27-Non-Disciplinary Alternative Education Program (Supplemental State Compensatory)
- 28-Disciplinary Alternative Education Program (non-supplemental)
- 29-Disciplinary Alternative Education Program (Supplemental State Compensatory)
- 30-State Compensatory
- 31-High School Allotment
- 32-Pre-kindergarten (Regular)
- 33-Pre-Kindergarten (Special Education)
- 34-Pre-Kindergarten (Compensatory Education)
- 35-Pre-Kindergarten (Bilingual Education)
- 91-Athletics and Related Activities
- 99-Undistributed

## RESPONSIBILITY OF CAMPUS AND DEPARTMENT SUPERVISORS

All principals and directors should check their expenditure transaction monthly to keep up with their current balances and to analyze for any unusual items or inaccurate coding. (This can be done by utilizing the requisition mode – *general ledger inquiry*). Please contact the Executive Director of Finance with any potential errors.

# IV. GRANTS

## GRANTS AND RELATED REQUIREMENTS

According to P.L. 103-382, Section 1120A (b) and 34 CFR 200.63 the fiscal requirement of supplement, not supplant is to ensure that the level of state and local support for programs remain at least constant and cannot to be replaced by federal funds. Documentation must be maintained which clearly demonstrates the supplementary nature of federal funds and/or activities as appropriate. The test to determine if you are supplanting is to ask whether the programs supported with Special Revenue Funds would, in the absence of those funds, have been supported with state and local funds. If your answer is yes, this is supplanting and state and local funds may not be diverted to another purpose simply because Special Revenue Funds are available to support those activities. If your answer is no, the funds are being used to supplement the educational program, not supplant state and local funds. The exception to this rule for special revenue was or is the use of Stabilization Funds provided by the federal government through TEA for the recovery of the economy.

Special revenue funds must supplement or augment funds that are required by state law, State Board of Education (SBOE) rule, or activities which have been adopted as policy by a local school board. If Special Revenue Funds are used to enhance or expand a state mandate, SBOE rule, or local policy, the supplementary activities funded by the Special Revenue program must be separately identified and clearly distinguishable from those activities identified as necessary for implementing a state mandate, SBOE rule, or local board policy as outlined in an implementation plan.

Any refund of state, federal or special funds must be deposited to the original fund account. Any refunds should never be deposited in the General Operating Fund.

All encumbrances shall occur on or between the beginning and ending dates of the grant. The grant period begins with receipt of the NOGA from TEA. All goods must be received and services rendered and subsequently liquidated (recorded as an expenditure or accounts payable) within the grant dates (for formula grants, within 30 days after the grant end date). Obligations that are liquidated and recognized as expenditures must meet the allowable costs principles in Office of Management and Budget (OMB) Circular A-87, A-21, or A-122 (as applicable) and in program rules, regulations, and guidelines contained elsewhere. Administrative requirements for grants stipulate that you must request cash as close as possible to the time of making disbursements. The cash on hand should not exceed three days' cash needs.

Funds can be released to third party if purchase order, packing list, and invoices are reconciled. An expenditure report can be submitted to TEA through the Expenditure Reporting (ER). Encumbered funds are ineligible for draw down. Monthly expenditure reports shall be filed with TEA. The expenditure report is kept on file with payment receipt from TEA.

Payments through Expenditure Reports (ER) should be deposited into your depository bank within six to seven business days of the request.

Use the Financial Accounting and Reporting (FAR) Module of the Financial Accountability System Resource Guide to determine appropriate accounting codes. Documentation for all expenditures for each fund source on the eGrants application must be maintained.

Documentation that local funds are used if either travel or transportation expenditures exceed state rates must be maintained.

An application or amendment must be approved by TEA before the initiation of any activities affected by that application or amendment, such as purchase orders issued, funds encumbered or expended, goods received, or services rendered. Applications or amendments received in substantially approvable form for projects funded on a formula or discretionary basis become effective on the date received by TEA (stamp-in date/date of certification by the LEA) or the project begin date, whichever is later.

Funds may be transferred between major objects of expenditures budgeted on Schedule BS6006 -Program Budget Summary and Support, without an amendment if the cumulative total transferred does not exceed 25% of the total current approved budget, funds are already budgeted in the class/object codes involved, and the requested cost items do not require specific approval. Items in class/object codes 6600 always require specific approval.

Budget Amendment will be requested to TEA if:

- Class/object code exceeds 25% of the approved budget
- Increase or decrease in the number of personnel funded in grant
- Addition to the original approved budget
- Increase or decrease to capital expenditures

TRS, Medicare, health insurance, longevity pay, critical needs stipends, and incentive pay will be deducted from grant budgets if payment of fringe benefits is permitted by grant guidelines as a part of payroll expenses. Federally funded grants normally allow for payment of all fringe benefits listed above. State of Texas grants do not normally permit TRS deductions. Fringe benefit expenses should be discussed with the Executive Director of Finance and Federal Program Director during the grant writing process if the budget includes any payroll expenses.

Title I, Part A -The purpose of Title I is to enable schools to provide opportunities for children served to acquire knowledge and skills contained in the challenging state content standards and to meet the challenging state performance standards developed for all children. This purpose is accomplished by:

- Ensuring high standards for all students

- Providing students with an enriched and accelerated educational program including the use of arts, school wide programs, or the increase of the amount and quality of instructional time so that students served with Title I funds receive at least the classroom instruction that other students receive;
- Promoting school wide reform and ensuring access of children to effective instructional strategies and challenging academic content that include complex thinking and problem solving experiences;
- Providing substantial staff development opportunities to significantly upgrade the quality of instruction;
- Coordinating all Title I services with each other, with other educational services, with health and social service programs funded from other sources;
- Affording parents meaningful opportunities to participate in the education of their children at home and at school;
- Distributing resources, in amounts sufficient to make a difference, to areas and campuses where needs are the greatest;
- Improving accountability by using the State assessment system to measure how well Title I students are achieving the challenging State student performance standards expected of all students; and
- Providing greater decision making authority and flexibility to schools and teachers in exchange for greater responsibility for student performance.

Regulations provide that school wide programs must include a comprehensive needs assessment to determine the performance of its children in relation to the State assessment system and student performance standards, school wide reform strategies, highly qualified professional staff; professional development for teachers and other staff, increased parental involvement, plans for assisting children in the transition to receiving schools, measures to include teachers in the decisions regarding the use of assessments, and effective, timely additional assistance for students who experience difficulty mastering any of the performance standards.

Title I Part A funds are used in a school wide setting when the campus eligibility includes 40% or more of the students enrolled or living in the school's attendance area meets the district's low income criteria. All funds must benefit the children in the current funding year therefore must be expended before the middle of the spring semester. The use of the funds must be referenced in the campus improvement plan.

Title II, Part A -The purpose of Title II, Part A, is to increase the academic achievement of all students by helping schools and school districts improvement teacher and principal quality and ensure that all teachers are highly qualified. Funds are received through a formula basis.

Districts are required to ensure that their strategies and funded activities are grounded in scientifically based research so that students benefit from those researched based teaching practices and methods. Schools and districts are given expanded flexibility to address the need for qualified teachers and principals not only through professional development for existing staff, but through efforts that include attracting qualified individuals into teaching and offering financial incentives and other structural changes to retain them.

The intent and purpose of the Class-size Reduction Program is to reduce the class size using highly qualified teachers to increase achievement for regular and special needs students by providing personal attention and a solid foundation for further learning so that all students learn to read independently. School wide programs that use Class-Size Reduction Program funds must reduce the size of classes, particularly in the early grades, using highly qualified teachers to increase achievement for regular or special needs children. The District again, must use these funds only to supplement, and not supplant state and local funds that, in the absence of the federal funds, would otherwise be spent for activities authorized by Class-Size Reduction.

The Title II funds must benefit the staff in the current funding year with requisitions being submitted in a timely manner. Title II funds may only be used to purchase materials for training purposes and not for classroom implementation. Allowable costs for the Title II, Part A program include recruitment, preparation and professional development, mentoring activities for new teachers, meeting the requirements for becoming highly qualified and expand performance systems that provide differential pay and bonuses for teachers who teach in specific schools and subject areas.

Title III, Part A -LEP -The purpose of Title III, Part A is to improve the education of limited English proficient children by assisting the children to learn English, meet challenging State academic content and meet student academic achievement standards. All activities must use approaches and methodologies based on scientifically based research to teach ELL and immigrant children to develop and implement new language instruction educational programs and academic content instruction programs including programs of early childhood through secondary school; carry out highly focused, innovative, locally designed activities to expand or enhance existing language instruction education program; implement within an individual school, school-wide programs for restructuring, reforming, and upgrading all relevant programs, activities, and operations relating to language instruction educational programs; and implementing, within the entire jurisdiction of the LEA, LEA-wide programs for restructuring, reforming and upgrading all relevant programs, activities, and operating relating to language instruction educational programs and academic content instruction for LEP children.

Title I, Part C, Carl D. Perkins Grant -The purpose of Title I, Part C, is to develop more fully the academic and technical skills of secondary students who elect to enroll in career and technical education (CTE) programs.

The grant has a project start date of July 1 and an end date of June 30th. The supplement not supplant guideline is effective for this grant.

The following are goals for CTE grant:

- Integrate academics with CTE programs using a coherent sequence of courses
- Link CTE at the secondary and postsecondary levels
- Provide students with strong experience in and understanding of all aspects of an industry
- Develop, improve, or expand the use of technology in CTE programs
- Provide professional development programs to teachers, faculty, administrators, and career guidance and academic counselors who are involved in integrating CTE programs
- Develop and implement evaluations of the CTE programs carried out with funds, including an assessment of how the needs of special populations are being met
- Initiate, improve, expand, and modernize quality CTE programs, including relevant technology
- Provide services and activities that are of sufficient size, scope, and quality to be effective
- Provide activities to prepare special populations for high-skill, high-wage, or high demand occupations that will lead to self-sufficiency

State CTE funds will be distributed to school districts on the basis of the number of contact hours generated by eligible students enrolled in CTE during the entire school year. Courses offered will be funded by the allotment for which they are eligible. The Summary of Finances provided by the Division of State Funding will reflect the State CTE allotment for each LEA.

Special Education Consolidated Grant (IDEA and IDEA-B Preschool) -The purpose of this grant is to provide special education and related services to children with disabilities ages three through twenty-one under the Individuals with Disabilities Act (IDEA). The funds for this grant are based on a child count and projected population and poverty allocation from the United States Department of Education (US DE) as provided by TEA and the PEIMS data submitted. Part B of the IDEA authorizes expenditures to help LEA's ensure that children with disabilities, have access to a free, appropriate public education to meet each child's unique needs and prepare him or her for further education, employment, and independent living.

Federal funds for these programs must be used to supplement (increase the level of services) and not supplant (replace) funds from nonfederal sources. Any program activity required by State law, SBOE rules or local board policy may not be paid with these funds. If the LEA maintains (or exceeds) its level of local -or state and local -expenditures for special education and related services from year to year, wither in total or per capita, then the Part B funds are, in



fact, supplementing those local -or state and local -expenditures, and the LEA has met its maintenance of effort (MOE) and supplement/not supplant requirements. No requirement currently exists related to supplanting "particular costs" and if an LEA maintains local-or state and local -effort, it will not violate the supplement/not supplant requirements of the IDEA. Cost items that are used by all students should not be funded with Part B funds. Part B funds may be used for the costs of special education and related services, and supplementary aids and services, provided in a regular classroom or other education-related setting to a child with a disability in accordance with the IEP of the child, even if one or more nondisabled children benefit from these services.

In addition to the purpose of IDEA-B Formula funds, the regulations implementing the IDEA-B Preschool funds as a part of this act define the purpose of the act as a means to supplement and increase services beyond the level of State and local funds expended for preschool students ages three through five with disabilities. The priority for these funds is to provide all students with disabilities ages 3-5 with a comprehensive program that meets their individual needs by expanding and extending services already available to these students. The District is responsible for setting aside 25% of its tentative IDEA-B Formula base entitlement or an equivalent amount of state and/or local funds to support costs of residential placement for students in the program. Equipment is defined by 2CFR Part 225 Appendix B as an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost that equals or exceeds the lesser of \$5,000 or the capitalization level established by the LEA for financial statements. Items that are under \$5,000 or under the capitalization level established by the LEA should be budgeted under class/object code 6300 supplies and materials.

Up to 15% of IDEA-B Formula and/or Preschool funds for any fiscal year may be used to develop and implement coordinated EIS (Early Intervening Services) for students in Kindergarten through Grade 12 (with a particular emphasis on students in Kindergarten through Grade 3) who are not currently identified as needing special education or related services but who need additional academic and behavioral support to succeed in a general-education environment. (20 U.S.C. 1413(f), 34 CFR 300.226)

State Compensatory Education -A student at-risk of dropping out of school includes each student who is under twenty-one years of age and who:

- Is in prekindergarten, kindergarten or grade 1,2 or 3 and did not perform satisfactorily on a readiness test or assessment instrument administered during the current school year;
- Is in grade 7, 8, 9, 10, 11, or 12 and did not maintain an average equivalent to 70 on a scale of 100 in two or more subjects in the foundation curriculum during a semester in the preceding or current school year or is not maintaining such an average in two or more subjects in the foundation curriculum in the current semester;
- Was not advanced from one grade level to the next for one or more school years;

- Did not perform satisfactorily on an assessment instrument administered to the student under TEC Subchapter B, Chapter 30, and who has not in the previous or current school year subsequently performed on that instrument on another appropriate instrument at a level equal to at least 110 percent of the level of satisfactory performance on that instrument;
- Is pregnant or is a parent;
- Has been placed in an alternative education program in accordance with TEC 37.006 during the preceding or current school year;
- Has been expelled in accordance with TEC 37.007 during the preceding or current school year;
- Is currently on parole, probation, deferred prosecution, or other conditional release;
- Was previously reported through the Public Education Information Management System (PEIMS) to have dropped out of school;
- Is a student of limited English proficiency, as defined by TEC 29.052;
- Is in the custody or care of the Department of Protective and Regulatory Services or has, during the current school year, been referred to the department by a school official, officer of the juvenile court, or law enforcement official;
- Is homeless, as defined by 42 U.S.C. Section 11302, and its subsequent amendments; or
- Resided in the preceding school year or resides in the current school year in a residential placement facility in the district; including a detention facility, substance abuse treatment facility, emergency shelter, psychiatric hospital, halfway house, or foster group home.

All purchases/services must be supplemental and directly related to State Comp Ed, and/or improving student achievement in language arts and/or mathematics. All Comp Ed funds must benefit the children in the current funding year.

The Texas Education Code requires each school district to have a district and campus improvement plan with the state compensatory education program described in the campus plan if the program is implemented at the campus level or to be described in the district plan if the SCE program is implemented district wide. The district and campus improvement plans are the primary record supporting expenditures attributed to the state compensatory education program.

School districts are required to have local policies and procedures to identify students who are at risk of dropping out of school under the criteria in Section 29.081, TEC; students who are at risk of dropping out of school under local criteria and document compliance with the 10% cap in Section 29.081, TEC; how students are entered into the SCE program and how students are exited from the program; the methodologies involving calculation of 110% satisfactory performance on all assessment instruments, in accordance with Section 29.081, TEC; and the cost of the regular education program in relation to budget allocations per students and/or instructional staff per student ratio.

## **INDIRECT COST RATES**

Indirect costs are part of administrative costs and are those: (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. The term "indirect costs," as used herein, applies to costs of this type originating in the grantee department, as well as those incurred by other departments in supplying goods, services, and facilities. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect costs within a governmental unit department or in other agencies providing services to a governmental unit department. Indirect cost pools should be distributed to benefited cost objectives on bases that will produce an equitable result in consideration of relative benefits derived.

Indirect cost *rates* are established for each school district to determine the amount of indirect cost *revenue* that can be recorded in the General Fund. As discussed above, indirect cost revenues recognized in the General Fund are intended to defray the cost of providing certain services to grant programs. Examples of these costs are accounting, auditing and payroll processing. All of these business function costs are incurred by the school district as a whole. An attempt to maintain separate time and effort accounting for each specific grant would be prohibitive. By calculating and using an indirect cost rate, indirect cost *revenues* can be transferred from the grant to the general fund to compensate the school district for district-wide expenditures used to facilitate the grant. *It is not necessary to track the use of indirect cost revenues once they are transferred to the General Fund.* Once earned, the revenues may be used for any education-related expenditure, including administrative costs and fixed costs incurred in administrating the grant.

## **TIME AND EFFORT**

Documentation for Grant-Funded Personnel

1. **CERTIFICATION:** For employees who work:
  - 100 percent in administrating programs that are part of consolidated administrative funds;
  - under a single grant program; or

- under a single cost objective, including Title I, Part A school wide programs funded from eligible multiple funding sources. *Cost objective* means a function, organizational subdivision, contract, grant, or other activity for which cost data is needed and for which costs are incurred.

### **Recordkeeping Requirements for These Employees**

- These employees are not required to maintain time and effort records.
- However, each employee must certify in writing, at least semi-annually, that he/she worked solely on the program(s) for the period covered by the certification.
- The certification must be signed by the employee or by the supervisor having first-hand knowledge of the work performed and should reference the employee's signed and dated job description maintained in their personnel file.
- Charges to the grant must be supported by these semi-annual certifications.
- This is a requirement under the revised OMB Circular A-87 Cost Principles effective July 1, 1995.

### **Job Description Requirements for These Employees**

- Each employee must maintain on file a signed and dated job description which clearly shows that the employee is assigned 100 percent to the program or single cost objective.
- The job description must be updated annually or when a function or activity is added to or deleted from an existing job description, must clearly identify the function and activities performed by the employee for the applicable fund source(s) or cost objective, and must be maintained in the employee's personnel file.

### **2. TIME AND EFFORT: For employees:**

- who do not work 100 percent in administrating programs that are part of LEA's consolidated administrative funds;
- who work under multiple grant programs; or
- who work under multiple cost objectives.

### **Recordkeeping Requirements for These Employees:**

- These employees are required to maintain time and effort records or to account for their time under a substitute system.
- Employees must prepare time and effort reports, at least monthly, to coincide with pay periods.
- Such reports must reflect an after-the-fact distribution of 100 percent of the actual time spent on each activity and must be signed by the employee.
- Charges to payroll must be adjusted at least quarterly to coincide with preparation and submittal of the quarterly expenditure report.

#### **Examples:**

- a. Employees who work partially on administering programs that are part of the LEA's consolidated administrative funds and partially from other funds must maintain time and effort or account for their time under a substitute system.
- b. Employees who are paid partially on administering programs that are part of the LEA's consolidated administrative funds and partially from program funds must maintain time and effort or account for their time under a substitute system.

Employees who work a portion of their time in a Title I school wide project and a portion of their time in another activity must maintain time and effort or account for their time under a substitute system.

### **3. SUBSTITUTE SYSTEMS**

#### **In Lieu of Time and Effort Reports:**

##### **Job Description – General Requirement**

- A current job description for each employee which delineates the program(s) or cost objectives under which the employee works should be available for documentation to support charges to federal programs.
- For teachers and instructional aides, daily class schedules should provide adequate documentation. However, teachers and instructional aides must maintain on file a signed and dated job description, agreement or equivalent documentation identifying the function(s) and activities performed for fund sources before or after their normal work day.

- Job descriptions must be updated annually or when a function or activity is added to or deleted from an existing job description, must clearly identify the function and activities performed by the employee for the applicable fund source(s) or cost objective, and must be maintained in the employee's personnel file.

**Resource: NCLB Program**

**Appendix 3: Cost Principles Payroll** This resource addresses documentation required for charges to payroll and includes a chart which provides a comparison of OMB Circulars A-87, A-122, and A-21 as they relate to requirements for documentation of charges to payroll.

# V. PURCHASING

A major management process supporting financial accountability in Texas public schools is the purchasing function. Purchasing has several links to overall accountability initiatives.

## **Purchasing Ethics**

The competitive nature of the public purchasing arena and the expenditure of significant amounts of public funds require that ethical standards be incorporated into the foundation of all purchasing functions. Purchasing personnel and school district staff face the difficult task of developing good vendor relations and encouraging vendor competition while avoiding even the appearance of favoritism or other ethical misconduct.

## **The Purchasing Process**

Purchase orders must be approved **prior** to purchase of supplies, materials, and/or services. Employees obligating funds with a purchase order accepts financial responsibility for their actions.

- Purchase order
- Requisitions for purchases shall be submitted electronically through Skyward.
- Include bid # and/or coop contract # and budgetary account code
- Itemize materials/items to be purchased. Include justification if necessary.
- Campus improvement plan or District improvement plan for program intent codes 21-32
- Requisitions are divided according to the type of action required on the purchase. The following are the recognized types of requisitions:
  - Normal
  - Urgent – for all purchasing transactions incurred because of an emergency condition threatening the safety or welfare of the community, students or staff. An emergency purchase is defined in the Texas Education Code 44.031(h), as exempt from the competitive procedures, and requires Board of Trustees approval.
  - Requisitions are approved electronically

## PURCHASE ORDER FLOW CHART

- Requisition entered into Skyward
- Approved by campus principal or department director
- Approved by program director, purchasing coordinator, executive director of finance
- Campus/Department prints purchase order and submits to vendor
- Merchandise received by requestor
- Campus/Department submits invoice to Accounts Payable
- Accounts Payable issues check to vendor **Board Policy CHF**

### Purchase order modification or cancelation:

Whenever it becomes necessary to modify or cancel items listed on a purchase order, the following procedures will apply:

1. A change to a purchase order can only be approved by the Purchasing Coordinator and/or Executive Director of Finance.
2. Requests to modify the purchase order will be submitted in writing and signed by the principal/department head or designee who originated the purchase request. These requests will list the vendor, purchase order number, nature of the change.
3. Upon receipt of the request to modify the purchase order, the purchasing department will issue the modification, if feasible.
4. The physical return of items on the purchase order cancelled through modification but already received will be the responsibility of the requesting department/school. Requesters must be aware of the possibility of restocking fees or other penalties charged by vendors. Restocking fees are the responsibility of the requesting department/school and will be charged to the purchase order.
5. Purchase order cancellations will be handled identically, and are subject to the same restrictions.

Items changed without a modification to the purchase order will become the responsibility of the person issuing the unauthorized change.



## Competitive procurement requirements and procedures

Sharyland ISD follows the purchasing guidelines in Texas Education Code § 44.031. All purchases over \$50,000 needs to have board approval. All school district contracts, except contracts for the purchase of produce or vehicle fuel, valued at \$50,000 or more in the aggregate for each 12-month period shall be made by the method, of the following methods, that provides the best value for the district: **Board Policy CH, CV**

1. Competitive bidding
2. Competitive sealed proposals
3. A request for proposals, for services other than construction services
4. An inter local contract
5. A design/build method
6. Construction manager-agent method
7. Construction manager-at risk method
8. A job order contract
9. The reverse auction procedure as defined by Section 2155.062(d), Government Code or
10. The formation of a political subdivision corporation under section 304.001, Local Government Code.

Because of the aggregate or district wide nature of classifications of purchases over a 12-month period, it does not take long for the district to exceed \$50,000 in any given classification. Consequently, employees are required to use approved vendors. An approved vendor list can be found on the purchasing website.

No employee of the District is authorized to act as an agent of the District nor to execute any contract on behalf of the District except pursuant to **Board policy CH**. Reimbursements for general expenses is not granted without justification of such actions. The approval process must follow the same approval path as funds are available. The district does not guarantee reimbursement for general expenses.

## Request for Quotes

The employee must get quotes as follows:

Sharyland ISD Bid and/or Coop Approved Vendors:

- \$0.00 - \$3,499 – Single written quote
- \$3,500 – \$49,999 – Three written quotes
- \$50,000 and up – Contact purchasing department. Requires board approval.

Non Sharyland ISD Bid and/or Non-Coop Approved Vendors:

- \$0.00 - \$1,000 – Single written quote
- \$1,001 – \$3,499 – Three written quotes
- \$3,500 and up – Use SISD or Coop Approved Vendors

## Vendor selection and relations

Texas Education Code 44.031 states that in determining contract awards to vendors, the district shall consider: [Board Policy CH](#)

1. The purchase price
2. The reputation of the vendor and the vendor's goods and services
3. The quality of the vendor's goods or services
4. The extent to which the goods or services meet the district's needs
5. The vendor's past relationship with the district
6. The impact on the ability of the district to comply with laws and rules relating to historically underutilized businesses
7. The total long-term cost to the district to acquire the vendor's goods or services
8. Any other relevant factor specifically listed in the request for bids or proposals. Factors that a school district may consider under this criteria would include:

## Vendor Gifts and Relations

School district officials and employees cannot accept anything of value from a vendor, such as personal gifts or gratuities, which may be construed to have been given to influence the purchasing process. Although such practices may be legitimate and generally accepted in the private sector, giving and receiving gifts in the public sector may constitute a violation of law.

## Receiving

Purchase orders for supplies and materials will be delivered to the campus/department that originated the requisition. Deliveries will be made to the central office of the campus/department, and will be made to only one location.

It is recommended that a specific individual be designated to sign for and process deliveries. This person should be someone who is regularly in the office. Deliveries will have to be signed for and dated at the time they are delivered. Do not expect the delivery person to wait until the shipment is checked.

Verify the number of containers (boxes) delivered against what is signed for. If the number does not coincide with what is physically there, note it on the delivery document you are signing, e.g.: "Only Y boxes were received." At the same time the number of boxes is verified, inspect the condition of the boxes. If one or more are damaged, the damage may have been transferred to the contents. Rather than reject the shipment, write on the document "Possible hidden damage."

The Uniform Commercial Code stipulates ten (10) calendar days in which to identify discrepancies. Once this period passes, your rights to address discrepancies are severely impaired. Timelines are especially important at fiscal year end when funds are in danger of expiring. To check (receive) incoming shipments follow these steps:

- Determine if the purchase order is still open or if this is a duplicate shipment. If a duplicate, reject the shipment without further action, notifying the Purchasing Department regarding this action.
- Check contents against the purchase order. Verify actual quantities; don't assume they are correct.
- Check the quantities counted and indicated on the receiving copy of the purchase order against the packing slip provided by the company.
- Receive only items that were shipped. Send the packing slip to the Accounts Payable Clerk, to process payment. NOTE PO number on packing list.

## Capital Assets

Capital assets are necessary to designate accountability for the custody and maintenance of individual items that exceed \$5,000 per item. These items will be accounted for in accordance with the Financial Accountability Systems Resource Guide. Capital Assets may be acquired in several different categories:

- Land

- Land Improvements
- Buildings
- Building Improvements
- Construction work in progress
- Furniture and equipment

## **Inventory**

Inventory is maintained on all equipment purchased of individual items that are over \$5,000 per item. Inventory is maintained and accounted for once per year. An inventory identification tag is placed on the equipment. Changes to inventory items should be reported to the business office immediately. [Board Policy CFB](#)

## **Disposal or Retirement of Capital Assets and Inventory**

Retirement of capital assets, because of sale, scrapping or changes to capitalization policies, should require certain approvals to guard against the disposal of equipment which could be used by other departments and to guard against an illegal unauthorized disposition.

Whenever an item of capital assets or inventory is deemed to be obsolete, such property may be disposed of by the following guidelines. [Board Policy CI](#)

- Capital Assets
- The district will sell all capital assets and inventory directly to the general public. A minimum bid will be placed on the item equal to fair market value. If the surplus property has no value, the Superintendent or designee may dispose of such property according to administrative discretion.
- Technology Surplus
- The Technology Department maintains a recycling program to dispose of obsolete equipment. The recycling company will be responsible for the removal of the surplus from the district. Payment for the equipment will be sent to the district.
- Scrap Metal
- All scrap metal will be sold to a recycling center.

- Used Tires
- The transportation department will negotiate the sale of used tires to vendors at the best market price. Negotiations will also entail the disposal of used tires that are not suitable for resale.

All items sold at will be sold “as is, where is.” The District makes no warranties or guarantees of an item's ability to function as manufactured.

# VI. ASSETS AND INVENTORY

## ASSET AND INVENTORY OVERVIEW

Assets – By District definition, they are items of economic value which could be converted to cash. In order to establish a procedure for identifying “fixed assets”, the District has approved \$5,000 as the threshold for determining which objects should be capitalized during the year purchased. All other objects purchased would be considered either inventory or commodities/supplies.

Fixed assets are reported in one of the following categories: land, buildings, vehicles, and equipment.

Inventory – Items that are purchased at a cost below \$5,000 and over \$500 per unit but have value and a useful life are tagged and accounted for as inventory until they are sold, are no longer useable, or have been deemed unsafe for use. (Unless included in listing below, the threshold will be \$500 and the item must have a useful life of one year or longer). The following items are tagged for inventory tracking (not a comprehensive list):

- cameras/camcorders
- CD players
- chain saws
- copiers (only those which are not leased)
- computers, laptops and ipads
- executive chairs (\$300 or more)
- fax machines
- file cabinets
- floor machines (vacuums, scrubbers, and polishers)
- hubs/routers/servers/switches
- ice machines
- instructional technology items
- ladders
- laminators
- lawnmowers
- microwave ovens
- pressure washers
- projectors
- point of sale registers
- printers
- radios (handheld)
- scanners
- stereos
- walkie talkies
- weed-eaters

## **ASSET AND INVENTORY OVERSIGHT**

Due to the size of the District, all campus members share responsibility in overseeing asset and inventory management for SISD. However, the warehouse department is responsible for the tagging inventory items and then monitoring the exceptions report. Any deviations should be brought to the attention of the campus/department administrator and the Finance Department immediately.

## **ASSET AND INVENTORY LOSSES**

For fixed assets and inventory items that were lost, stolen, or destroyed, the following procedures will be adhered to:

- When an item is stolen, destroyed by vandalism, etc., the responsible campus/department should complete a burglary/vandalism loss report form as the primary documentation.
- Items that have been reported as “lost” or “missing” by a campus/department should be disclosed (in writing) to the Finance Department immediately.
- Unless an insurance claim is processed, replacement of the item(s) is the financial responsibility of the campus/department.

## **ASSET AND INVENTORY ADDITIONS**

When entering a requisition for the purchase of a fixed asset or inventory item, please follow the following coding guidelines:

- 6619 – Land
- 6629 – Buildings
- 6631 – Vehicles
- 6639 – Furniture & Equipment with unit cost of \$5,000 or more

If budgetary funds are not in the proper account code and the campus/department has sufficient funds in another account, please contact the Finance Department with a budget amendment.

## **SURPLUS EQUIPMENT**

The District may dispose of surplus equipment in any manner prescribed by the Board.

- Any data processing equipment donated to the District, including equipment donated by a private donor, or a state agency under Government Code 2175.128;
- Any equipment purchased by the District; and

- Any surplus or salvage equipment owned by the District. *Education Code 32.102(a)*

Before transferring data processing equipment to a student, the District must:

- Determine that the transfer serves a public purpose and benefits the District; and
- Remove from the equipment any confidential, or proprietary information, as determined by the District. *Education Code 32.104*



# VII. ACCOUNTS PAYABLE/ RECEIVABLE

## ACCOUNTS PAYABLE SCHEDULE

The district issues checks every Friday. The Finance Department is closed during the fall break, winter break, spring break, and 2 weeks in summer.

The Finance Department makes every effort to adhere to the Accounts Payable schedule, but occasionally there is a need to adjust the dates and times to accommodate extraordinary circumstances. With the large number of purchase requests received each week, employees should be flexible and understand that variations to the schedule must sometimes be made. Accounts Payable is working diligently to process your request. Accounts Payable schedule is available on the website.

## CHECK REQUEST INSTRUCTIONS

It is very important that staff members identify the timetable required when a check will need to be processed. Accounts Payable's deadline for requests is Tuesdays at noon for any check to be issued by Friday. All requests must be completed and correct and IN the office by deadline. Any incomplete items will delay payment.

Accounts Payable requires all check requests to be accompanied by backup documentation and/or receipts, along with an explanation as to why policy was not followed by creating a Purchase Order. Check requests without backup can cause a real problem for your campus and Accounts Payable if the auditors should pull this check and there is no backup. Please make notes on your paperwork for any check requests or purchase orders that need to be held for any reason. Please highlight these notes or you may email the Accounts Payable clerks for further explanation. During the school year, checks are run on Fridays (see Accounts Payable schedule for exceptions). During the summer, checks will continue to be run on regular schedule unless advised otherwise. Be sure to list the correct name and address on your requests. In some cases, the name or address in the system is incorrect and needs to be updated; therefore, listing the correct address on the request ensures the payment to be issued in a timely manner. [Board Policy CHF](#)

## PURCHASE ORDER PAYMENTS

Unless the staff member notifies the Accounts Payable clerk otherwise, checks will be issued from purchase order when an invoice has been received AND merchandise and/or services have been received in Skyward. Send all original packing slips, receipts, and/or invoices to accounts payable. If no packing slip is available, please sign a copy of purchase order and send to accounts payable to confirm receipt of your order.

## **PACKING LISTS**

A packing list is a document that is sent by the vendor. It is usually packed inside or attached to the merchandise received. The packing list will generally describe the merchandise being sent. Upon receipt of your delivery, verify the count, and the items you ordered against the packing list and your purchase order. If you receive damaged items, incomplete quantity of items, received items not on your order, or incorrectly priced items, please notify the Customer Service Department of the vendor and make accounts payable aware of the issue.

Do not make substitutions for items on your original purchase order. Instead have the vendor cancel the item. If the items are out of stock, have the vendor cancel the items and re-order at a later date. It is important that you only mark items as "received" when you actually have received the merchandise. To do otherwise, would potentially cause payment of merchandise that you did not receive.

## **Travel Checks**

If check was issued for traveling purposes such as hotels, registration fees, or meal money; receipts must be returned to accounts payable immediately after return. If credit will be issued for hotel overages, please highlight the amount due and let accounts payable know to expect refund. Please be sure to request receipt if one is not immediately offered. If meal money was advanced to sponsor all receipts must be returned with copy of Employee Advance form. If money is being redeposited into the account, original receipts are returned to accounts payable, and a copy of the receipts are sent with deposit. If meals were purchased using a purchase order or charge, sponsors are responsible for submitting receipts on the next business day upon return.

## **DISTRICT CREDIT CARD USE**

The District maintains a District credit card. BBVA Credit Card is used primarily for travel expenses. However, occasionally an employee may submit a requisition for the use of a visa card for materials. The Executive Director of Finance must approve the purchase order before the card will be issued. When using a District credit card, employees are expected to use caution and safeguard the card as they would a personal credit card. Employees must return the card as soon as the purchase/trip is complete, with original receipts. Not only does the IRS require original receipts, but they are vital when paying credit card invoices. Loose receipts with no identifying information are impossible to track and cause unnecessary delays in payment. Not following these procedures may result in employees losing the privilege to check out and use District credit cards.

## **ACCOUNTS RECEIVABLE**

Deposit forms must be completed and coded and accompanied with copy of checks. Combine deposits for the same account code into one deposit. Wrap any bills and change for large deposits.

# VIII. TRAVEL

## TRAVEL OVERVIEW

Travel expenses are the ordinary and necessary expenses of traveling away from home for work. The IRS defines traveling away from home if your duties require you to be away from the general area of your place of work substantially longer than an ordinary day's work, and you need to get sleep or rest to meet the demands of your work while away.

All employee travel must be **pre-approved** by campus administration, regardless of whether or not an advance is desired. An employee requesting travel and subsistence must fill out a travel request form and submit to the Purchasing Department **two weeks prior to travel**.

## PRE-TRIP PROCEDURES

Since planning is crucial to any trip and time is of the essence, please complete a Travel Request Form at least 21 calendar days prior to travel and receive necessary approvals.

- Registration: A registration form must be attached to the travel form. It is the responsibility of the employee to make sure they are registered on time.
- Lodging: School districts are exempt from Texas state sales tax on lodging but are not exempt from city taxes or other taxes imposed for lodging. Please use the attached schedule for lodging rates.
- Reservations – The employee is responsible for making reservations. The reservation confirmation form must be included on the travel request form. Request the state rate for government entities when making reservations.

## AFTER TRIP PROCEDURES

Since mileage, per diem, parking and taxi fares will be issued prior to the travel, it is crucial that the employee submit mileage and per diem **two weeks after the travel** for payment.

## MILEAGE

Travelers are required to calculate mileage by one of the following method:

- Electronic mapping source (such as that on [www.Mapquest.com](http://www.Mapquest.com) or any other online mapping service). The traveler must print out the driving directions provided by the site and attach them to the travel voucher.

Travelers are required to select the shortest and most economical route but may justify the selection of another route if it was chosen for safety reasons and specific justification of the selection is given.

As per Texas State Comptroller's website. (Effective January 1, 2017)  
Mileage reimbursement rate is .535 cents per mile.

## MEALS

The following maximum meal and lodging reimbursement rates apply to in-state and out-of-state travel.

- If local policy restricts travel, per diem, and other travel expenses to a rate less than state law, the applicant must budget and request reimbursement from the grant *at the lesser rate*.
- If local policy exceeds the maximum recovery rate specified in the Appropriations Bill, then the difference must be paid from state or local funds, i.e., not from grant funds.
- *Travel allowances*, in which the per diem is paid to the employee regardless of the amount actually expended, are not allowable.
- Meals will not be reimbursed for travel that does not include an overnight stay.
- Meals will be reimbursed for actual expenses up to the local policy per diem rate allowed.

Per diem rates.

<b>Breakfast</b>	<b>Lunch</b>	<b>Dinner</b>	<b>Total</b>
\$7	\$13	\$20	\$40

## LODGING

As per Texas State Comptroller's website. (Effective February 2017 – August 2017)

<b>City</b>	<b>Max lodging reimbursement</b>
Austin	\$135 per night
Corpus Christi	\$105 per night
Dallas	\$125 per night /\$138 Jan - May
El Paso	\$95 per night
San Antonio	\$120 per night
South Padre Island	\$89 per night /\$117 June - Aug

Hotel and county taxes are not included in the maximum amount.

## PARKING & TAXI FARES

Parking fees are not advanced prior to the trip. Valet parking is not allowed. Parking fees will be reimbursed with original ticket only if it is for the official business of the meeting, conference or workshop.

## TRAVEL DOCUMENTATION

Travel costs must be properly documented to be reimbursable. The employee must document travel costs with a travel voucher or other comparable documentation. Auditable documentation must include the following at a minimum:

- Name of the individual claiming travel reimbursement
- Destination and purpose of the trip, **including how it was necessary to accomplish the objectives of the grant project**
- Dates of travel
- Actual mileage (not to exceed reimbursement at the maximum allowable rate)
- Actual amount expended on lodging per day, *with a receipt attached* (may not exceed the maximum allowable)
- Actual amount expended on meals per day (may not exceed the maximum allowable; tips and gratuities are not reimbursable)
- Actual amount expended on public transportation, such as taxis and shuttles
- Actual amount expended on a rental car, *with a receipt attached* and justification for why a rental car was necessary and how it was more cost effective than alternate transportation; receipts for any gasoline purchased for the rental car must be attached (mileage is not reimbursed for a rental car—only the cost of gasoline is reimbursed)
- Actual amount expended on incidentals, such as hotel taxes, copying of materials, and other costs associated with the travel
- Total amount reimbursed to the employee

Travel costs that are not supported by proper documentation as described above are not allowable to be charged to TEA grants and are subject to disallowance by state and federal auditors and monitors.

## UNALLOWABLE EXPENSES

The following travel expenses are not allowable:

- First-class air fare
- Tips or gratuities of any kind

- Alcoholic beverages
- Entertainment & recreation
- Any expense for other persons

If the cost is less than the actual amount you received, please submit the difference. Travel costs not supported by proper documentation are not allowable to be charged to TEA grants and are subject to disallowance by state and federal auditors and monitors.

District vehicles:

- Smoking is prohibited while using a district vehicle
- No personal errands in a district vehicle
- Remember that you are representing Sharyland I.S.D. so aggressive driving is not allowed
- All traffic citations in district vehicles are the responsibility of the driver

All receipts must be turned into the account payable department within two weeks of completion of travel. If receipts are not submitted, or travel is not verified and reconciled, the traveler will be responsible for reimbursement for all expenses previously paid by the district.

## **STUDENT TRAVEL**

All student travel must be preapproved by campus administration, regardless of whether or not an advance is desired. An employee requesting student travel and subsistence must fill out a Student Travel form and submit to the Purchasing Department two weeks prior to travel.

**Registration:** A registration form or certificate of attendance must be attached to the payment form. It is the responsibility of the sponsor to make sure the group is registered on time.

**Lodging:** For those students participating in an extracurricular activity requiring an overnight stay, the maximum standard/hotel/meal allowance will be in effect. Students should be grouped according to gender and have no more than 4 students per room. School districts are exempt from Texas state sales tax on lodging but are not exempt from city taxes or other taxes imposed for lodging. The sponsor is responsible for making reservations. When making reservations, please advise the hotel that you are eligible for the STATE RATE. Sponsors should negotiate the best rate possible for each stay.

**Meals:** The district may provide meals or meal money for students and sponsors participating in school-sponsored activities. Meal costs will be advanced to the sponsor. A list of student and

sponsor names must be attached to the Student Travel form. Receipts or a signed roster are required to substantiate meals after the travel. Any unused funds must be returned to the business office within 5 days of the event. The meal rate for student travel is \$7.00 per meal at district level and \$8.00 per meal for regional or state level. Any extra meal money requested above the rate must be from the student activity fund. To determine if certain meals are eligible, please refer to the criteria below:

**Departure:**

**Breakfast – leave before 6:00 a.m.**

**Lunch – leave before 11:00 a.m. and return after 5:00 p.m.**

**Dinner – arrive back after 8:00 p.m.**

All student travel must be **pre-approved** by campus administration, regardless of whether or not an advance is desired. An employee requesting student travel and subsistence must fill out a travel request form and submit to the Purchasing Department **two weeks prior to travel**.

Registration, Lodging and district vehicles are same as employee travel.

**NO private vehicle or 15 passenger vans should be used to transport students.** The correctly completed form must be submitted at least two weeks prior to the actual date of travel to allow the accounts payable department to prepare checks or purchase orders as appropriate. Forms not completely and correctly prepared will be returned to the sponsor without action. All approvals must be obtained and submitted with the form prior to processing.

### **REIMBURSEMENT FOR TRAVEL NOT TAKEN**

If an employee is not able to attend scheduled travel, the employee is responsible for canceling reservations prior to the time an actual expense is incurred. The district will not reimburse employees for out of pocket travel expenses, unless the travel is cancelled at the direction of the Superintendent due to the needs of the district. In such an instance, the district will only reimburse charges incurred and previously paid by the employee. For example, the district will reimburse lodging expenses if the Superintendent made the decision for an employee not to attend; and it was too late to cancel a lodging reservation without incurring an expense. An employee unable to attend travel for personal reasons is personally responsible for any expenses previously paid by the district.

# IX. CAMPUS ACTIVITY FUNDS

## ACTIVITY FUNDS OVERVIEW

### Introduction

This manual was written to provide a set of standardized accounting procedures for the administration of Student Activity and Campus Activity accounts in all elementary and secondary schools in the Sharyland Independent School District. Principals, secretaries and other employees involved in the handling of these funds should become knowledgeable of the instructions prescribed in this manual. [Board Policy CFD](#)

The principals, teachers, and clerical staff are placed in a position of trust by parents and students when funds are placed in their care. Adequate measures to control these funds will assure parents and students that the funds are handled properly. Student Activity and Campus Activity Accounts may not be used to circumvent the controls established. Purchases must comply with the District's purchasing procedures and relevant statutes.

### Types of Activity Funds

There are two types of activity funds that are common for Texas public schools. The first is a Campus Activity account which is used for items such as school pictures, yearbooks, class rings, etc. These funds shall be used to promote the general welfare of each school and the educational development and morale of all students.

The second type of activity fund is the Student Activity account which is property of student groups, i.e. student council, art club, etc. The school district is required to provide stewardship by properly accounting for these funds. Decisions on the use of club funds are the concern of the specific student groups to whom the funds belong, as long as the decisions regarding the use of the funds do not conflict with Board policy and/or legal regulations or restrictions. To secure the deposit of public funds, all activity funds must be deposited with the district's banking institution.

### Campus Activity Accounts

Campus Activity accounts contain funds raised at a particular campus which are managed by the principal. These funds are accounted for as Campus Funds (Fund 461) as stipulated by the TEA Financial Accountability Resource Guide. Campus Activity accounts must be spent to promote the general welfare of the school and the educational development of students. Principals may use these funds to supplement their budgeted district funds. Campus funds should not be spent to benefit any individual or non-student group.



The following is a schedule of some of the appropriate uses and prohibited expenditures from district funds. The list is not all-inclusive, but can serve as a guideline. Any questionable items should be verified through the District's Finance Department.

## **CAMPUS ACTIVITY ACCOUNTS SUMMARY OF ACCEPTABLE/UNACCEPTABLE EXPENDITURES**

### **Acceptable uses of Campus Activity Accounts funds:**

- Educational field trips, meals, and other activities planned for the benefit of students as recognition for accomplishments. The travel expenditures for faculty/staff who must accompany students on a trip are also acceptable provided that expenditures do not exceed the reimbursable limits established by the District's travel policies.
- Parent/student functions such as Open House, Parent Night, & Graduation. Refreshments & snacks for meetings where the school serves as host for related activities for students, staff, and patrons. The expenditure from these functions require an agenda and sign-in sheet.
- Awards such as plaques, certificates, school apparel that does not exceed \$25 per calendar year in accordance to IRS, in recognition of students, staff, or volunteers for service to the school or District.
- Incentives for student involvement, participation, and achievement.
- Supplemental classroom instructional needs and general office supplies, including school furnishings and equipment which will benefit the general student body.
- Improvement of campus and site facilities such as plants, bulletin boards, signs, and flags.
- Refreshments and snacks for teacher in-service and staff development. An Agenda must be provided for staff development.
- Business meals for staff -for reasonable cost comparisons, the per diem amounts are at the current district rates. Appropriate documentation indicating who was at the meeting (sign-in sheet) and what was discussed (agenda) is required by IRS.
- Emergency health or safety needs for students.

- In-district mileage reimbursement for faculty/staff members on school business at the current district rate per mile provided a travel log is kept and attached to the Check Request as documentation.
- Check printing fees and bank service charges.
- The payment of advertisements in publications other than those circulated at the District's campuses. The advertisement should state "paid from".
- Replacement of student items that were lost while in the possession of a district employee.

**Unacceptable uses of Campus Activity Account funds:**

- Payment of an individual's organization dues or fees that do not provide a direct benefit to the district, campus or to a group of students including the payment of professional liability insurance.
- Reimbursement for luncheons or dinners while attending civic organization's meetings except to officially represent the school district or campus.
- Purchase of any gift for any person or organization
- Extravagant or high-priced awards such as watches or other jewelry.
- Extra compensation or bonuses to employees whether it be in the form of cash or gifts.
- Payment of an individual's personal bills.
- Parties for staff, including food, decorations, and favors.
- Loans to employees, parents or students for any reason.
- Replacement of an individual's property that was lost, stolen, or damaged on the school or district's premises or while being used at a school or district function. The Texas Tort Claims Act prohibits use of funds in this manner.
- Payment of expenses of spouses or other non-employees (i.e. travel expenses)

- Payment of district mileage to school employees who already receive a monthly travel allowance.
- Appreciation meals furnished to employees that exceed the reasonable limitations noted.
- Abuse of number of appreciation meals furnished to staff.
- Alcoholic beverages, tobacco products, controlled substances, firearms, and other weapons.
- Traffic citations, parking or toll charges, auto repairs.
- Appreciation and fundraising dinner tickets.
- Furniture for administrative offices.
- Any expense which appears to benefit private individuals or entities in ways so out of proportion to the overall public benefit that they amount to a virtual donation or gift.
- Any other expenditure prohibited by federal or state law, TEA or board policy, or Sharyland ISD regulations.
- Structural additions or improvements to the campus unless properly authorized by the facilities department.
- Gift cards, gift certificates, or the like for district employees.

Note: Any equipment purchased with student activity funds or campus activity accounts will become the property of the Sharyland Independent School District and must be included in the fixed asset inventory of the district.

## **Student Activity Funds**

Student Activity Funds consist of money that is received and held by the school as trustee. Individual student groups raise these funds and their disbursement is controlled by that group as long as the decisions regarding their use of funds do not conflict with Board policy and/or legal regulations or restrictions. Student activity funds are accounted for by the district as agency funds (Fund 865) in compliance with the TEA Financial Accountability System Resource Guide. The basic purpose for the collecting or raising and expending of activity funds must be for the direct benefit of the students or for the general benefit of the school. Within this scope, funds are to be used to finance activities that supplement the educational curriculum of the District. Fundraising activities shall in general contribute to the educational experience of pupils and shall not conflict with the instructional program. Student activity money shall be expended to benefit a bona fide student group that contributed to its accumulation. Fundraising activities should not be for the individual benefit of a student based on sales, but should be equally distributed to the students holding the fundraiser.

The sponsor of each school organization is required to ensure that adequate financial records are maintained. These records, which are subject to audit, should include, at a minimum, the following:

- Monthly Detail General Ledger Report
- Sponsor's copy of cash receipt forms
- Sponsor's copy of invoices or disbursement vouchers

### **STUDENT ACTIVITY FUNDS**

#### **SUMMARY OF ACCEPTABLE/UNACCEPTABLE EXPENDITURES**

##### **Acceptable uses of Student Activity funds:**

- Supplies & materials to be used by student members of the group
- Entry fees & other expenses associated with competitions & meetings once all possible resources have been considered
- Travel expenses & meals consumed by the student members & their adult sponsors (travel disbursements must be documented)
- Membership in related organizations
- Charitable contributions & scholarships (to be approved by Campus Principal)

- Expenditures related to parties & other entertainment of student members
- Equipment to be used by the student members of the organization
- Light refreshments such as pastries & coffee for Open House, Parent Night, or other parent/student functions
- Other reasonable expenditures approved by student membership of the group

**Unacceptable uses of campus/Student Activity funds:**

- Any purchases not approved by the student membership of the group
- Any purchases which benefit adult sponsors & does not benefit student members
- The use of the charter buses or other transportation that has not been approved by Sharyland ISD.
- Replacement of an individual's property that was lost, stolen, or damaged on the school or district's premises or while being used at a school or district function. The Texas Tort Claims Act prohibits use of funds in this manner
- Gift cards, gift certificates, or the like for district employees
- Funds derived from the student body as a whole shall be expended in a manner benefiting all students. The management of student activity funds shall be in accordance with sound business practices, including established budgetary and accounting procedures.

**Responsibilities**

All campus personnel including principals, bookkeepers, secretaries and faculty will be held responsible for any campus activity and student activity funds entrusted to them. The responsible party will reimburse the Club Account for money (or property purchased with student activity funds) which is lost due to carelessness, fraud, or theft due to carelessness.

The Principal is responsible for the overall administration of the Student Activity and the Campus Activity accounts including the bookkeeping, monthly reporting and compliance with the policies and procedures manual. The principal will approve all fundraising activities in advance and will monitor the activities by reviewing and signing the “Fundraising/Sales Activity Application”. It is the principal’s obligation to see that all faculty sponsors have signed the

“Responsibilities of Faculty Sponsors of Student Groups” and to ensure that these forms are kept on file.

Each campus that handles Student Activity Funds must have a safe available for use to safeguard any funds that are deposited with the campus bookkeeper. The safe should be large enough that it can be bolted to the floor for added security if possible and it should not be visible to the public eye.

The Campus Bookkeeper (or designated employee) is responsible for the following:

- maintaining the accounting records as required in the administrative procedures manual,
- preparing payment authorization request when properly authorized by the principal,
- receiving money and issuing a receipt
- preparing deposit bag to be picked up by courier service
- submitting to the business office all transactions on a monthly basis

The Faculty Sponsor of a student activity group is responsible for safeguarding and accounting for all student activity funds entrusted to him/her. It is the obligation of the faculty sponsor to follow the procedures provided. This includes maintaining detailed financial records and for maintaining a positive balance in the respective account at all times. The faculty sponsor will sign a “Acknowledgement of Responsibilities of Faculty Sponsors of Student Groups” form, before undertaking the sponsorship of a student club or organization. If sponsors do not receive proper student activity training and forms are not filled out, sponsors will not be allowed to conduct any fundraising activity. The forms will be filed at each campus. Sponsors must ensure that “Club Meeting Sign-in Sheets”, and “Activity Fund Club Minutes” and the “Club Treasurer’s Reports” are completed and maintained.

### **Accounting for Fundraising Activities**

Only qualified fundraising companies can be utilized by the campus/student activity funds. Fundraising is an organized activity to raise funds for an organization or campus. Fundraisers should include a service or product. Under no circumstances should campuses or organizations participate in door-to-door solicitation, donation campaigns of any kind (examples: formal solicitations, letter campaigns, "can shakes", etc.) nor enter into agreements with solicitation firms. Campuses are not allowed under Texas Law to conduct raffles, bingo, and other games of chance.

Under no circumstances should a campus or organization enter into agreements or advertise an event until approvals from the Principal and the Superintendent or Business Manager have been received.

## **Scholarship Procedures**

A student activity club organization that intends to award scholarships at the end of the school year must submit the scholarship criteria in writing no later than December 1st to the GO Center Counselor/Financial Aid Advisor. The campus Principal will review and approve all scholarship criteria. If a club organization wishes to use their funds to issue a scholarship, the club sponsor will submit the *Student Activity Club Scholarship Award Form* to the GO Center Counselor/Financial Aid Advisor no later than May 1<sup>st</sup>. The form will include the name of the individual(s), award amount for each named student, name of student organization, name of scholarship and the student activity account number along with any other requirements listed by the club for the award of the scholarship. The campus Principal will review and approve all scholarship awards. Club sponsors are responsible for ensuring the club account balance is sufficient to pay awarded scholarships. Students awarded scholarships will be required to submit to the GO Center or Accounts Payable Department the *Scholarship Check Request Form* along with proof of enrollment/registration from the college/university that he or she will be attending before the receipt of funds. Scholarships awarded to students will be made out in the form of a check made payable to the student. Scholarship awards not claimed by June of the following year will be forfeited unless other arrangements have been made in advance. In instances when a check is not picked up, the funds shall remain in the student activity club account to be awarded to future recipients at the clubs discretion. If the club that issued the scholarship is no longer in existence, the funds shall be allocated to other active student activity club accounts at the principal's discretion. ALL student activity club scholarship awards must be coordinated through the GO Center. The GO Center Counselor/Financial Aid Advisor will oversee the distribution of scholarship awards.

## **Determining if a sale is taxable or non taxable**

Texas school districts, public schools, qualified exempt private schools and each bona fide chapter within a qualified school are exempt from the payment of Texas Sales and use tax on purchases of taxable items for their use, if the purchases are related to the organization's exempt function.

School districts, public schools, qualified exempt private schools and each bona fide chapter within a qualifying school may conduct two one-day tax free sales or auctions each calendar year. For the purposes of this exemption, one day is counted as 24 consecutive hours and a calendar year is the 12-month period from January through December.

For example, a school may sell taxable items such as t-shirts, hats, uniforms, school supplies or crafts tax-free on a designated tax-free sale day. These days should be designated in advance so that purchasers are aware that the sales are not subject to tax. The organization may not collect tax on the transactions and keep the tax under the "tax-free" sale provision. The exemption does not apply to any item sold for more than \$5,000 unless it is manufactured by the organization or donated to the organization and not sold back to the donor.

Either the date on which the items are delivered by the vendor to the school organization or the day on which the school organization delivers the items to its customers may be designated as the one-day tax-free sale day.

## **Taxable Sales**

### **A. Supplies and Publications**

Public schools and school-related organizations must collect the sales tax on the following:

1. School-purchased supplies sold directly to students including athletic equipment and physical education uniforms.
2. Fees for materials when the end product becomes a possession of the student.
3. Student publications such as yearbooks and football programs.
4. School rings.
5. Books sold to students at book fairs.

### **Sales by Teachers and Students**

Teachers and students must collect the sales tax on merchandise other than food products they sell.

If the school assumes responsibility for the activity and/or sales, the school is responsible for insuring the tax is paid. The school may purchase items tax free and must collect the tax when the items are sold.

Activity funds are those monies collected by students and school staff for the financing of District activities that are not encompassed or provided for in any of SISD's normal budgets. These funds, however, are raised through school-related activities on school property (either by students, parents, or school employees) and must come under the accountability of SISD. The raising and expending of activity funds can have only one basic purpose: "to promote the general welfare, education, and morale of all students by helping finance the normal legitimate activities of the student body and the school." *Please review the Activity Fund Manual for very specific procedures required to handle these funds. The Activity Fund Manual can be located on the Finance Department website.*



## **FUNDRAISING**

All fundraising activities on school district property or related to the District's students, parents, or faculty must be approved by the Principal. Consideration must be given to:

- Other fundraising activities on or about the same time
- Minimizing any disruption to the educational program
- The purpose for which the proceeds will be used
- The total number of fundraisers on any one campus during the course of a school year
- The nature of the fundraiser and the demands it may make on students, parents, and staff

The Texas Department of Agriculture quite often comes into play with the location of fundraisers when certain "competitive" products are being sold. Please check with the CNP Director when food and/or drinks are being sold as part of the fundraiser. Sponsors are to initiate the request for approval of fundraising activities via a completed Request for Fundraiser Approval form to the Principal or designee for review and approval. A specific purpose for the funds to be raised should be determined prior to the fundraiser being requested. Two tax-free sales are allowed in a school year: one in the fall and one in the spring. At the completion of each fundraiser, the sponsor is responsible for completing the Summary Report for Fundraiser Form.

## **RESPONSIBILITY AND OVERSIGHT**

The Principal of a campus is responsible for the proper collection, disbursement and control of all activity funds to include:

- physical safeguard of all cash on campus
- accounting for all receipts and disbursements
- administration of all related recordkeeping

The Finance Department is responsible for ensuring that activity fund transactions are in compliance with all related District policies/procedures and state/federal law.

## **PETTY CASH**

All petty cash accounts must be approved by the Executive Director of Finance. Petty Cash accounts will be closed very year.

## **RELATIONS WITH PARENT ORGANIZATIONS**

District-affiliated school-support or booster organizations shall organize and function in a way that is consistent with the District's philosophy and objectives, within adopted Board policies, in accordance with applicable UIL guidelines and financial and audit regulations. District-affiliated school-support or booster organizations may use District facilities with prior approval of the appropriate administrator. Other parent groups may use District facilities in accordance with policy GKD.

Before parent groups or other groups working with the school purchase equipment for the schools, including computer hardware and software, they shall notify the principal of their plans. In consultation with the Superintendent or designee, the principal shall determine the type or brand of equipment to buy to ensure compatibility with current District equipment.

# **X. CASH MANAGEMENT**

## **CASH PRACTICES**

The Finance Department strives to have 100% of District cash collections electronically. Currently, all state aid entitlements, eGrant reimbursements, and interest earnings are received electronically. Tax collections are contracted and collected by the Hidalgo County Tax Office. SISD receives daily ACH tax deposits from the Hidalgo County Tax Office. This practice has been utilized to minimize the potential of mishandling and maximize the amount of time those funds can draw interest.

## **DEPOSITORY CONTRACT**

Depository Bid - Each school district is to use a uniform bid blank form as specified in Texas Education Code, §45.206. A school district may add other terms to the uniform bid blank form based on additional requirements. This form must be mailed to each bank located in the school district at least 30 days before the termination of the current depository contract. This form must be filed with the Texas Education Agency in accordance with filing instructions specified in the form. House Bill 2411 from the 80th Legislative Session provided school districts with the option to extend a depository contract for two (2) additional two-year terms provided the bank agrees as well (refer to TEC Section 45.205).

In order to extend the contract (assuming the bank agrees), the District must have the Board approve a resolution (see TEA website for sample resolution).

## **RECONCILIATIONS**

The Staff Accountant reconciles all cash and investment accounts on a monthly basis. Once all reconciling entries have been recorded, the reconciliations are then reviewed and approved by the Executive Director of Finance.

## **PUBLIC FUNDS INVESTMENT ACT**

State and federal laws establish rules within which all school districts are expected to operate when investing public funds. The Public Funds Investment Act (PFIA), found in Chapter 2256 of the Texas Government Code, provides investment guidelines for the majority of political subdivisions in the state, including school districts. The PFIA was first passed in 1987. It was significantly rewritten in 1995 in response to the Texas State Auditor reports on investment losses at Texas institutions and in review of investment problems in Texas counties and elsewhere. In 1997 amendments further clarified the intent of the 1995 requirements. Additional amendments have since been passed by the Texas Legislature, primarily clarifying and improving public funds investment options. The PFIA is merely part of the whole, not inclusive of all investment requirements.

## AUTHORIZED INVESTMENTS

Chapter 2256 of the Texas Government Code specifically sets guidelines for the types of investments authorized for purchase by governmental entities in the state. Board Policy **CDA (Legal)** follows these guidelines for authorized investments for school districts. Board Policy CDA (Legal) is included in this document and lists eleven types of investments that are acceptable for school districts. For further information on the state authorized investments for school districts refer to Board policy CDA. Board **Policy CDA (Local)** sets policy for SISD that places further limits on investments for the district. The Board of Trustees of Sharyland ISD limits investments to:

- 1) Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009.
- 2) Certificates of deposit and share certificates as permitted by Gov. Code 2256.010.
- 3) Fully collateralized repurchase agreements as permitted by Gov. Code 2256.011.
- 4) A securities lending program as permitted by Gov. Code 2256.0115.
- 5) Banker acceptances as permitted by Gov. Code 2256.012.
- 6) Commercial paper as permitted by Gov. Code 2256.013.
- 7) No-load money market mutual funds and no-load mutual funds as permitted by Gov. Code 2256.014.
- 8) A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements of Gov. Code 2256.015.
- 9) Public funds investment pools as permitted by Government Code 2256.016. In the exercise of these powers, the Board may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control. A contract made for such purpose may not be for a term longer than two years. A renewal or extension of the contract must be made by the Board by order, ordinance, or resolution. *Gov't Code 2256.003(b)*

## INVESTMENT REPORTING REQUIREMENTS

Chapter 2256 of the Texas Government Code requires the Board of Trustees take action on three investment related issues annually. Those are:

- 1) In accordance with Section 2256.005(e) the Board of Trustees shall review the district investment policy and investment strategies not less than annually.

- 2) Following the annual review the Board must adopt a *written resolution* stating the investment policy and strategies have been reviewed, and that the adopted resolution records any changes made to either the investment policy or strategies.
- 3) In accordance with Section 2256.008(a) the Board of Trustees must approve of an independent source, or sources, for *investment training* required to be provided to the district's designated investment officers.

Each requires board action to be recorded in the minutes of the Board meeting. Not less than quarterly, the investment officer shall prepare and submit to the Board a written report of investment transactions for all funds covered by the Public Funds Investment Act. This report shall be presented to the Board and the Superintendent not less than quarterly, within a reasonable time after the end of the period. The report must:

- 1) Contain a detailed description of the investment position of the District on the date of the report;
- 2) Be prepared jointly and signed by all District investment officers.
- 3) Contain a summary statement for each pooled fund group (i.e., each internally created fund in which one or more accounts are combined for investing purposes). The report must be prepared in compliance with generally accepted accounting principles and must state:
  - a. Beginning market value for the reporting period;
  - b. Additions and changes to the market value during the period;
  - c. Ending market value for the period; and
  - d. Fully accrued interest for the reporting period.
- 4) State the book value and market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested.
- 5) State the maturity date of each separately invested asset that has a maturity date.
- 6) State the account or fund or pooled group fund in the District for which each individual investment was acquired.
- 7) State the compliance of the investment portfolio of the District as it relates to the District's investment strategy expressed in the District's investment policy and relevant provisions of Government Code, Chapter 2256.
- 8) If the District invests in other than money market mutual funds, investment pools or accounts offered by its depository bank in the form of certificates of deposit, or money

market accounts or similar accounts, the reports shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the Board by that auditor. *Gov't Code 2256.023*

## **INVESTMENT STRATEGIES**

As part of the investment policy, the Board shall adopt a separate written investment strategy for each of the funds or group of funds under the Board's control. Each investment strategy must describe the investment objectives for the particular fund under the following priorities in order of importance:

- 1) Understanding of the suitability of the investment to the financial requirements of the District;
- 2) Preservation and safety of principal;
- 3) Liquidity;
- 4) Marketability of the investment if the investment needs to be liquidated before maturity;
- 5) Diversification of the investment portfolio; and
- 6) Yield. *Gov't Code 2256.005(d)*

The District's focus and concern will be safety of principal and meeting cash liquidity needs.

## **STANDARD OF CARE**

Investments shall be made with judgment and care, under prevailing circumstances that a person of prudence, discretion, and intelligence would exercise in the management of his or her own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. Investments shall be governed by the following objectives in order of priority:

1. Preservation and safety of principal;
2. Liquidity; and
3. Yield.

In determining whether an investment officer has exercised prudence with respect to an investment decision, the following shall be taken into consideration:

1. The investment of all funds, rather than the prudence of a single investment, over which the officer had responsibility.

2. Whether the investment decision was consistent with the Board's written investment policy. *Gov't Code 2256.006*

## **INVESTMENT OFFICERS**

The District shall designate one or more officers or employees as investment officer(s) to be responsible for the investment of its funds. In the administration of the duties of an investment officer, the person designated as investment officer shall exercise the judgment and care, under prevailing circumstances that a prudent person would exercise in the management of the person's own affairs, but the Board retains the ultimate responsibility as fiduciaries of the assets of the District. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the investing entity. Authority granted to a person to invest the District's funds is effective until rescinded by the District or until termination of the person's employment by the District, or for an investment management firm, until the expiration of the contract with the District. *Gov't Code 2256.005(f)*

Government Code, Chapter 2256. *Gov't Code 2256.003(c)* Sharyland ISD's investment officers are the Assistant Superintendent for Business-Finance, Executive Director of Finance, and Senior Accountant.

## **INVESTMENT TRAINING**

Within 12 months after taking office or assuming duties, the investment officer of the District shall attend at least one training session from an independent source approved either by the Board or by a designated investment committee advising the investment officer. This initial training must contain at least eight hours of instruction relating to their respective responsibilities under the Public Funds Investment Act. *Gov't Code 2256.008(a)*

The investment officer must also attend an investment training session not less than once in a two-year period and receive not less than eight hours of instruction relating to investment responsibilities under the Public Funds Investment Act from an independent source approved by the Board or a designated investment committee advising the investment officer. If the District has contracted with another investing entity to invest the District's funds, this training requirement may be satisfied by having a Board officer attend four hours of appropriate instruction in a two-year period. *Gov't Code 2256.008(a), (b)* Investment training shall include education in investment controls, security risks, strategy risks market risks, diversification of investment portfolio, and compliance with the Government Code, Chapter 2256. *Gov't Code 2256.008(c)*

## **PERSONAL INTEREST**

A District investment officer who has a personal business relationship with a business organization offering to engage in an investment transaction with the District shall file a statement disclosing that personal business interest. An investment officer who is related within the second degree by affinity or consanguinity, as determined by Government Code Chapter 573, to an individual seeking to sell an investment to the investment officer's District shall file a

statement disclosing that relationship. A required statement must be filed with the Board and with the Texas Ethics Commission. For purposes of this policy, an investment officer has a personal business relationship with a business organization if:

1. The investment officer owns ten percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;
2. Funds received by the investment officer from the business organization exceed ten percent of the investment officer's gross income for the previous year; or
3. The investment officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment officer. *Gov't Code 2256.005(i)*

## **SELLERS OF INVESTMENTS**

A written copy of the investment policy shall be presented to any person offering to engage in an investment transaction with the District or to an investment management firm under contract with the District to invest or manage the District's investment portfolio. For purposes of this section, a business organization includes investment pools and an investment management firm under contract with the District to invest or manage the District's investment portfolio. The qualified representative of the business organization offering to engage in an investment transaction with the District shall execute a written instrument in a form acceptable to the District and the business organization substantially to the effect that the business organization has:

1. Received and thoroughly reviewed the District investment policy; and
2. Acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the District and the organization that are not authorized by the District's policy, except to the extent that this authorization is dependent on an analysis of the makeup of the District's entire portfolio or requires an interpretation of subjective investment standards.

The investment officer may not acquire or otherwise obtain any authorized investment described in the District's investment policy from a person who has not delivered to the District the instrument described above. *Gov't Code 2256.005(k), (l)*



## DONATIONS

A gift, devise, or bequest made to provide college scholarships for District graduates may be invested by the Board as provided in Property Code 117.004, unless otherwise specifically provided by the terms of the gift, devise, or bequest. *Education Code 45.107*. Investments donated to the District for a particular purpose or under terms of use specified by the donor are not subject to the requirements of Government Code Chapter 2256, Subchapter A. *Gov't Code 2256.004(b)*

# XI. RECORDS MANAGEMENT

## LEGAL REQUIREMENTS

Record retention ensures that critical records are identified and retained in accordance with State and Federal guidelines. The Local Government Records Act establishes the primary requirements for records retention policies and plans. These record retention guidelines are specified in the retention schedules and approved by the State Library and Archives Commission. The schedules that pertain to school districts include:

- Local Schedule GR - Records Common to All Governments
- Local Schedule EL - Records of Elections and Voter Registration
- Local Schedule TX - Records of Property Taxation
- Local Schedule SD - Records for Public School Districts

In addition, the Local Government Records Act requires the District to elect a Records Management Officer to coordinate the District's records management activities.

The District's Records Management Officer is the Assistant Superintendent of Business and Finance. Information concerning any records not addressed here can be found in the Legal Reference Book. Copies of the current State Library and Archives schedules can be requested from the Records Management Officer or found on line at:

<http://www.tsl.state.tx.us/slr/recordspubs/sd.html> or  
<http://www.tsl.state.tx.us/slr/recordspubs/gr.html>.

Board policy CPC provide additional legal information and local policies on the District's record management responsibilities.

**RECORDS MANAGEMENT OFFICER** The Sharyland Independent School District Assistant Superintendent of Business and Finance & Student Services has been designated under the provisions of the Local Government Records Act to manage the government's records and file control schedules. *Local Government Code 201.003(14)*

**RECORDS DESTRUCTION PROCESS** Campus and department officials and/or their designee should bring forward any and all records that can be destroyed on a timely basis.

## RECORDS CONTROL SCHEDULE

The District has adopted the TSLAC local government retention schedule.

## GRANT RECORDS

Grant records will be maintained through electronic storage for five years. Disposal of paper copies will follow the district's practice of seven year retention. Electronic and paper copies can be accessed at the District Administration Office located at 1200 N. Shary Road, Mission, TX.

# XII. Business Office Policies

The following policies are on the Sharyland ISD website "TASB Policy online".

## LOCAL GOVERNANCE

BBFA Ethics - Conflict of Interest Disclosures

## BUSINESS AND SUPPORT SERVICES

CAA Fiscal Management Goals and Objectives - Financial Ethics  
CG Bonded Employees and Officers  
CPAB Office Communications - Mail and Delivery  
CPC Office Management - Records Management  
CQ Technology Resources  
CQA District, Campus, and Classroom Websites  
CY Intellectual Property

## REVENUE SOURCES

### STATE AND FEDERAL REVENUE SOURCES

CBA State  
CBB Federal

### LOCAL REVENUE SOURCES

CCA Bond Issues  
CCB Time Warrants  
CCC Certificates of Indebtedness  
CCD Recreational Facilities Bonds  
CCE Athletic Stadium Authority  
CCF Loans and Notes  
CCG Ad Valorem Taxes  
CCH Appraisal District

### OTHER REVENUE SOURCES

CDA Investments  
CDB Sale, Lease or Exchange of School-Owned Property  
CDBA Revenue Bonds from Proceeds  
CDC Grants from Private Sources

## BUDGET

CE Annual Operating Budget  
CEA Annual Operating Budget - Financial Exigency

## **ACCOUNTING**

CFA	Financial Reports and Statements
CFB	Inventories
CFC	Audits
CFD	Activity Funds Management
CFEA	Payroll Procedures - Salary Deductions and Reductions
CMD	Equipment and Supplies Management- Instructional Materials Care and Accounting

## **PURCHASING AND ACQUISITION**

CH	Purchasing and Acquisition
CHE	Vendor Relations
CHF	Payment Procedures
CHG	Real Property and Improvements
CHH	Financing Personal Property Purchases
CI	School Properties Disposal
CJA	Contracted Services - Criminal History

## **RISK MANAGEMENT**

CK	Safety Program/Risk Management
CKA	Inspections
CKB	Accident Prevention and Reports
CKC	Emergency Plans
CKD	Emergency Medical Equipment and Procedures
CKE	Security Personnel

## **BUILDINGS, GROUNDS and EQUIPMENT MANAGEMENT**

CL	Buildings, Grounds and Equipment Management
CLA	Security
CLB	Maintenance
CLC	Traffic and Parking Controls
CLE	Flag Displays

## **TRANSPORTATION MANAGEMENT**

CNA	Student Transportation
CNB	District Vehicles
CNC	Transportation Safety

## **FOOD SERVICE MANAGEMENT**

CO	Food Services Management
COA	Food Purchasing
COB	Free and Reduced-price Food Program

## **INSURANCE AND ANNUITIES MANAGEMENT**

CR	Insurance and Annuities Management
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CRB	Liability Insurance
CRD	Health and Life Insurance
CRE	Workers' Compensation
CRF	Unemployment Insurance
CRG	Deferred Compensation and Annuities

### **FACILITIES CONSTRUCTION**

CS	Facility Standards
CVA	Competitive Bidding
CVB	Competitive Sealed Proposals
CVC	Construction Manager-Agent
CVD	Construction Manager At-Risk
CVE	Design-Build
CVF	Job-Order Contracts
CX	Renting or Leasing Facilities from Others

### **PERSONNEL**

#### **COMPENSATION AND BENEFITS**

DEA	Compensation Plan
DEAA	Incentives and Stipends
DEAB	Wage and Hour Laws
DEB	Fringe Benefits
DEC	Leaves and Absences
DECA	Family and Medical Leave
DECB	Military Leave
DEE	Expense Reimbursement

#### **REDUCTION IN FORCE**

DFF	Termination of Employment - Reduction in Force
DFFA	Financial Exigency
DFFB	Program Change

#### **OTHER**

DH	Employees Standards of Conduct
GKD	Nonschool use of School Facilities