


This handbook provides guidance to awardees of grants administered by the Texas Education Agency (TEA) on the following:

- How to properly expend grant funds on goods and services (procurement)
 - Contents of documented local policy concerning procurements
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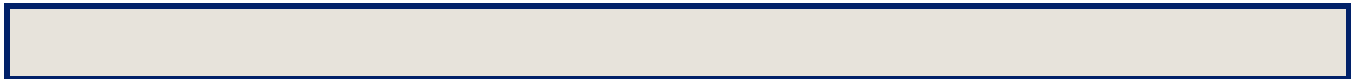
The Elements of Local Policy section of this handbook describes the content that should, at a minimum, be included in the grantee's documented local policy.



The rules governing procurement by TEA grantees using grant funds are found at the agency, state, and federal level:

1. Texas Administrative Code (TAC; codification of State Board of Education and commissioner's rules): TEA's purchasing and procurement process is addressed in the agency's [Financial Accountability System Resource Guide](#) (FASRG).
2. Texas Education Code (TEC; laws and rules passed by the Texas State Legislature): [TEC §44.031](#) governs purchases by independent school districts (ISDs) of \$50,000 or more.
3. Education Department General Administrative Regulations (EDGAR): Title 2 of the Code of Federal Regulations, Part 200, ([2 CFR 200](#)) 200.318–326, outlines federal procurement standards.

These rules and regulations overlap. When more than one rule is applicable to a procurement or subcontract, the rule that is more restrictive must be followed.



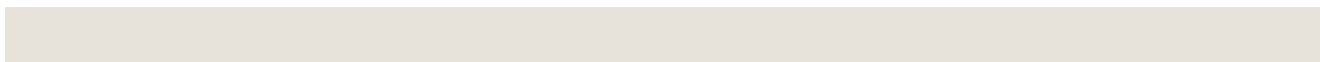
For ISDs and ESCs, three factors determine the rules that govern any specific instance of procurement:

- Type of expenditure (using state or federal grant funds, or both)
- Amount of expenditure
- Restrictiveness of applicable rules (when state and federal rules differ, the more restrictive applies)

This section provides a citation of the rules governing your procurement expenditures, organized by expenditure amount and type.

The procurement procedures documented in your local policy should incorporate and be based on the rules specified below. In every case, regardless of the type or amount of expenditure, you must follow the procurement procedures documented in your local policy.

Refer to the Elements of Local Policy section for guidance on documenting your local policy.



Procedures for expending grant funds must always include safeguards against the use of those funds for personal enrichment or gain. Local policy should include guidance on avoiding conflict of interest and on maintaining propriety in relationships with vendors.

According to EDGAR 200.318(c)(1), conflicts of interest arise “when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.”

All grantees must maintain written standards of conduct defining conflicts of interest and governing the actions of their employees engaged in the selection, award and administration of contracts. At a minimum, those standards must include the following, from EDGAR 200.318(c)(1) except where noted:

- Prohibition restricting any staff with a real or apparent conflict of interest from participating in the selection, award, or administration of a contract

- Prohibition against any staff participating in the selection, award, or administration of a contract from soliciting or accepting gratuities, favors, or anything of monetary value from contractors or parties to subcontracts

- Requirement that board members with business interests abstain from voting on awards of contracts to those businesses and that those interests be disclosed through an affidavit (FASRG Module 5, 3.2.2)

- Description of disciplinary actions for staff found to be in violation of these standards of conduct

If your NPO or charter school has a parent, affiliate, or subsidiary organization, your standard of conduct must also address organizational conflicts of interest.

As defined in EDGAR 200.318(c)(2), “Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the non-federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.”

[Redacted]

Your local policy must define the circumstances in which time and materials contracts may be used. It must specify that all time and materials contracts set a ceiling price, beyond which the contractor is responsible for all costs. In addition, it must specify the oversight procedures you employ to ensure the contractor's methods and controls are efficient and effective.

[Redacted]

EDGAR 200.318(k) makes grantees responsible for the "settlement of all contractual and administrative issues arising out of procurements."


[Redacted]

Your local policy must acknowledge its responsibility for settling procurement issues including source evaluation, protests, disputes, and claims, as well as any other disputes that may arise. In addition, your local policy must state that TEA is responsible for judging only those contract matters that are primarily of federal concern. Your local policy must also state that violations of law will be referred, as appropriate, to the legal authority with jurisdiction.

[Redacted]

According to EDGAR 200.318(e), grantees are encouraged to employ cooperative purchasing procedures when possible to achieve greater economy or efficiency when procuring common or shared goods or services.

[Redacted]



According to EDGAR 200.320(c), the sealed bid procurement process should be used for procurements in which cost is the only consideration and two or more responsible bidders are available to compete for the business.



Your local policy must include the following:

