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Memorandum

This Business Procedure Manual includes the governing rules and regulations that are necessary for effective budgeting and purchasing of materials and supplies by individual centers. Also included are procedures and/or guidelines for:

- absence reports
- billing
- contracted services
- fixed assets
- payroll procedures
- travel reimbursements

Personnel of each center are requested to become well acquainted with this manual and utilize it as an official guide in fulfilling their respective responsibilities.

Suggestions for improvements in these procedures are always welcome and should be submitted in writing to the Deputy Director for Fiscal Affairs.

Approval Authority: Deputy Director Fiscal Affairs

Financial Accounting

Budgetary Control

In order to meet the requirements of the Financial Accountability Resource Guide System (FARG) as prescribed by the State Board of Education, ESC-2 will maintain an accounting system in the following manner: governmental fund types (general and designated purpose) and expendable trust and agency funds (i.e., cooperatives) shall be budgeted in accordance with the provisions of the FARG. A fixed budget is not required for proprietary fund types.

Basis of Accounting

The modified accrual or accrual basis of accounting shall be utilized as appropriate in measuring financial position and operating results.

1. Revenues and expenditures of governmental fund types (general and designated purpose) shall be recognized on the modified accrual basis. Revenues shall be recognized in the accounting period in which they become available and measurable. Expenditures shall be recognized in the accounting period in which the fund liability is incurred.
2. Revenues and expenditures of fiduciary fund types (trust and agency) shall be recognized on the basis consistent with the fund's accounting measurement objective.
3. Interfund transfers shall be recognized in the accounting period in which receivable and payable arise.

Expendable Trust Fund

The Center will establish an Expendable Trust Fund. This fund is to account for money and property held for school districts, non-public organizations, or other governmental entities.

1. Expendable trust funds shall be accounted for on the modified accrual basis.
2. Agency funds (payroll clearing, etc.) shall be accounted for on the modified accrual basis.

Proprietary Fund Types

These type funds are used to account for a local education agency's ongoing organizations and activities where net income and capital maintenance are measured. All related assets, liabilities, equities, revenues, expenses, and transfers are accounted for through the fund affected. Generally accepted accounting principles that apply to similar businesses in the private sector are applicable to proprietary type fund as net income, financial position and changes in financial position are to be determined. A fixed budget is not required for proprietary fund types.

Internal Service Fund

This fund is to account for the financing of goods or services provided by one organizational unit of the local education agency or to other local education agencies or governmental units on a cost reimbursement basis. The Center shall establish an Internal Services Fund for the purpose of accounting for funds to pay for services performed for projects, operation of the Center facilities, and maintaining Center facilities and equipment. The purpose of this account is to prevent double expending of funds in the budgeting process.

Encumbrance

Encumbrance accounting shall be used to control amounts budgeted as expenditures for supplies, materials, equipment, contracted services, consultant fees and travel, and shall be recorded in the accounting system. In no manner shall encumbrances be considered or reflected as accounts payable or expenditures. The signed receiving reports are to confirm quantities purchased. Encumbrances remaining at the end of the accounting period must either be liquidated or provided for in the budgetary control accounts for the subsequent accounting period.

In addition to the funds previously described, ESC-2 will also maintain a General Operating Fund to account for monies reserved by the Board of Directors. These monies are to be reserved for various reasons which include emergencies and building maintenance.

Allocation of Charges

Space Rental Charges

Space rental charges shall be made against each grant where possible to cover the cost of operating and maintaining the Education Service Center building and other facilities. These charges shall be based on a square foot analysis of space used by the project. General space shall be charged proportionally to each grant in making this footage charge.

The footage charge will be based on the cost experienced during the preceding years with allowance for increased costs and some allowance for recovery or original investment in the facilities. These funds will be placed in the General Operating Fund. This calculation shall be made annually.

The meeting rooms are available for external groups at a fee. ESC workshops/meetings and other school related functions will have a priority for the use of the rooms. Reservation instructions are printed in the ESC-2 Handbook for Employees. The rental rates are listed at <http://www.esc2.net/pio/ESC2FacilityRental.htm>.

Printing Cost Charges

All printing performed on the behalf of the Center is charged based on the cost listing established in the Digital Storefront at <http://digitalstorefront.esc2.net/dsf/> which also describes the type of printing services offered. To ensure prompt and reliable services, all printing requests are submitted using the Digital Storefront.

Purchasing and Acquisition

Each ESC shall use money distributed to it from the Foundation School Program under Education Code Chapter 8 to provide core services or to pay for necessary administrative and operational expenses of the ESC related to the provision of those services. *Education Code 8.121(c)*

Acquisition of Property

Subject to approval by the Board, the ESC may purchase or lease property or acquire property through lease-purchase and may incur debts for that purpose. [See CHA(LEGAL)] Any ESC purchase, lease, or lease-purchase that involves real property must be approved by both the Board and the Commissioner. *Education Code 8.055* [See CHE(LEGAL)]

Financing Personal Property Purchases

The Board may execute, perform, and make payments under a contract with any person for the use, purchase, or other acquisition of any personal property, or the financing thereof, in accordance with the requirements of the Public Property Finance Act. The Board may also contract for materials and labor incident to the installation of personal property *under* that Act. *Local Gov't Code 271.005*

Public Contracts – General Principles

An ESC is required to act faithfully and in the exercise of its best judgment so as to best serve the interests of the center. When not specifically required by statute to competitively bid, the Board may devise its own bidding procedures, so long as the procedure is consistent with good business management. *Stapleton v. Trussell, Tex. Civ. App., 196 S.W. 269 (Tex. Civ. App.-Fort Worth 1917); Patten v. Concho County, 196 S. W.2d 833, 835 (1946); Texas Roofing v. Whiteside, 385 S. W.2d 699 (Tex. Civ. App.-Amarillo 1964, writ ref'd n.r.e.); Atty. Gen. Op. DM-347 (1995)*

Conflict of Interest

The ESC will make available to all government entities, vendors, and potential vendors who are seeking to conduct business with Region 2 the Conflict of Interest Statements and Conflict of Interest Questionnaires, as prepared by the Texas Ethics Commission, that they are required to complete and file annually with the ESC records management officer. *Local Government Code 176.001, 176.002, 176.003, 176.004, 176.005, 176.006, 176.007, 176.008, 176.009, and 176.010.*

Exemption From Taxation

An ESC and its employees are subject to or exempt from taxation in the same manner as a school district and school district employees. *Education Code 8.005* [See also CFC (LEGAL)]

Procuring Professional Services

Competitive bids shall not be solicited for professional services of any licensed or registered certified public accountant, architect, landscape architect, land surveyor, physician, optometrist, professional engineer, state-certified or state-licensed real estate appraiser, or registered nurse. Contracts for these professional services shall be made on the basis of demonstrated competence and qualifications to perform the services and for a fair and reasonable price. *Gov't Code* 2254.002, 2254.003 [See also CS (LEGAL), and the PROFESSIONAL SERVICES EXCEPTION at CH(LOCAL) and CS(LOCAL)]

Computers

The ESC may acquire computers and computer-related equipment, including computer software, through the Texas Building and Procurement Commission under contracts with the TBPC in accordance with Government Code Chapter 2157. *Gov't Code* 2157.067

Interlocal Agreements

To increase efficiency and effectiveness, the ESC may contract or agree with other local governments and with state agencies, including the Texas Building and Procurement Commission (TBPC), to perform some of its purchasing functions. Interlocal contracts must be authorized by the ESC Board and meet other requirements specified in the Interlocal Cooperation Act. *Gov't Code* 791.001, 791.011

The ESC may agree with another local government, including a nonprofit corporation that is created and operated to provide one or more governmental functions and services, or with the state or a state agency, including the TBPC, to purchase goods and services reasonably required for the installation, operation, or maintenance of the goods. Such an agreement may not, however, apply to services provided by firefighters, police officers, or emergency medical personnel.

An ESC that purchases goods and services by agreement with another local government or with the state or state agency satisfies the requirement to seek competitive bids for the purchase of goods and services.

Gov't Code 791.025(b), (c), *Atty. Gen. Gp. JC-37* (1999)

State Purchasing Program

Purchasing services performed for the ESC by the TBPC shall include:

1. The extension of state contract prices to the ESC when the commission considers it feasible;
2. Solicitation of bids on items desired by the ESC if the solicitation is considered feasible by the commission and is desired by the ESC; and

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3. Provision of information and technical assistance to the ESC about the purchasing program.

The commission may charge the ESC its actual costs in providing purchasing services.

Local Gov't Code 271.082

ESC Requirements

The ESC may participate in the purchasing program by filing with the commission a resolution adopted by the Board requesting that the ESC be allowed to participate on a voluntary basis, to the extent the commission deems feasible, and stating that the Board shall:

1. Designate an official to act for the ESC in all matters relating to the program, including the purchase of items from the vendor under any contract;
2. Direct the decisions of its representative;
3. Be responsible for:
 - a. Submitting requisitions to the commission under contract(s) and for payment directly to the vendor; and
 - b. Electronically sending purchase orders directly to vendors and electronically sending the commission reports on actual purchases;
4. Be responsible for the vendor's compliance with all conditions of delivery and quality of the purchased item.

Competitive Bids

A purchase made through participation in this program meets any state requirement to seek competitive bids for the purchase of the item.

Electronic Marketplace

If the ESC has the ability to electronically send purchase orders and information, it may participate in the [TBPC's](#) electronic procurement marketplace, as described in Government Code Chapter 2177.

Local Gov't Code 271.083

Cooperative Purchasing Program

The ESC may participate in a cooperative purchasing program with another local government or a local cooperative organization. If the ESC does so, it may sign an agreement with another participating local government or a local cooperative stating that the ESC will:

1. Designate a person to act on behalf of the ESC in all matters relating to the program;

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2. Make payments to another participating local government or local cooperative organization or directly under a contract, as provided in the agreement;
3. Be responsible for the vendor's compliance.

If the ESC participates in a cooperative purchasing program, it satisfies any law requiring it to seek competitive bids.

Local Gov't Code 271.102; Atty. Gen. Gp. JC-37 (1999)

Foreign Dairy Products

The ESC may not purchase milk, cream, butter, or cheese, or a product consisting largely of one or more of these items that has been imported from outside the United States. This restriction does not apply to the purchase of milk powder if domestic milk powder is not readily available in the normal course of business. *Health & Safety Code 435.021*

Commitment Of Current Revenue

A contract for the acquisition, including lease of real or personal property, is a commitment of the ESC's current revenue only, provided the contract contains either or both of the following provisions:

1. Retains to the Board the continuing right to terminate the contract at the expiration of each budget period during the term of the contract;
2. Is conditioned on a best efforts attempt by the Board to obtain and appropriate funds for payment of the contract.

Local Gov't Code 271.903

Criminal History

The ESC may obtain criminal history record information that relates to an employee of or applicant for employment by a person that contracts with the ESC to provide services if:

1. The employee or applicant has or will have continuing duties related to the contracted services; and
2. The duties are or will be performed on school property or at another location where students are regularly present.

Education Code 22.083(b)(2) [See also CH(LOCAL), CS(LEGAL), DC(LEGAL)]

In addition to complying with the requirements at CH(LEGAL), an ESC shall comply with the following policies when entering a contract for purchase or acquisition.

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Board Authority

The Board may adopt rules and procedures for the acquisition of goods and services.

Delegation Of Purchasing Authority

The Executive Director or designee shall have the authority to make budgeted purchases unless Board policy requires the Board to make or approve a purchase. [See also CE, CHA, CHE (LEGAL), and CS(LOCAL)]

Purchases Valued At Or Above \$25,000

All ESC contracts, except contracts for the purchase of produce or vehicle fuel, valued at \$25,000 or more in the aggregate for each 12-month period, shall be made by the method that provides the best value for the ESC:

1. Competitive bidding [see also CSA];
2. Competitive sealed proposals [see also CSB];
3. A request for proposals for services other than construction services;
4. A catalog purchase as provided by Government Code Chapter 2157, Subchapter B; or
5. An inter-local contract.

Note: Regarding construction of ESC facilities, see CSC for design/build contracts; CSD, CSE for contracts using a construction manager; CSF for job order contracts for minor repairs/alterations.

The Board delegates to the Executive Director or designee the authority to determine which method of purchasing provides the best value to the ESC.

Factors

In awarding a contract, the ESC may consider:

1. Purchase price;
2. The reputation of the vendor and of 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 ESC's needs;

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5. The vendor's past relationship with the ESC;
6. The impact on the ability of the ESC to comply with laws relating to historically underutilized businesses;
7. The total long-term cost to the ESC to acquire the goods or services; and
8. Any other relevant factor that a private business entity would consider in selecting a vendor.

Notice Publication

Notice of when and where bids or proposals or the responses to a request for qualifications will be received and opened shall be published in the county where the ESC's administrative office is located, once a week for at least two weeks prior to the deadline for receiving bids, proposals, or responses to a request for qualifications. If there is no newspaper in that county, the advertising shall be published in a newspaper in the county nearest the county seat of the county in which the ESC's central administrative office is located. In a two-step procurement process, the time and place where the second-step bids, proposals, or responses will be received are not required to be published separately.

Personal Property Purchases Valued \$10,000 To \$25,000

When the ESC seeks to purchase personal property of a value of at least \$10,000 but less than \$25,000 in the aggregate for a 12-month period, the Executive Director or designee shall use either the vendor list/price-quoting procedure described immediately below or one of the purchasing methods previously listed.

Notice

For each 12-month period, the ESC shall publish a notice in two successive issues of any newspaper of general circulation in the county in which the ESC administrative office is located. * The advertising shall specify the categories of personal property to be purchased and solicit the names, addresses, and telephone numbers of vendors that are interested in supplying any of the categories to the ESC.

***Note:** An ESC that chooses to use one of the purchasing methods listed on page 1 to purchase personal property valued between \$10,000 and \$25,000 satisfies the notice requirements of this policy by publishing notice as indicated in the preceding paragraph.

Vendor List

For each category, the ESC shall create a vendor list consisting of each vendor that responds to the published notice and any additional vendors the ESC elects to include. Before the ESC

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makes a purchase from a category of personal property, it must obtain written or telephone price quotations from at least three vendors from the list for that category. If fewer than three vendors are on the list, the ESC shall contact each vendor. Whenever possible, telephone quotes should be confirmed in writing by mail or facsimile. The bidding records shall be retained with the ESC's competitive bid records and are subject to audit. Purchases shall be made from the lowest responsible bidder.

Produce Or Fuel Purchases

When the ESC purchases produce or fuel valued at least \$10,000 but no more than \$25,000, in the aggregate, for a 12-month period, the Executive Director or designee shall use either the vendor list/price-quoting procedure described immediately above or one of the purchasing methods listed above.

Bus Purchase Or Lease

Each contract proposed for the purchase or lease of one or more school buses, including a lease with an option to purchase, shall be submitted to competitive bidding when the contract is valued at \$20,000 or more. [See CN]

Professional Services Exception

The purchasing requirements in this policy do not apply to a contract for professional services rendered, including the services of an architect, attorney, or fiscal agent. The ESC may contract for professional services rendered by a financial consultant or a technology consultant in the manner provided by Government Code 2254.003, in lieu of the methods provided in this policy. [See also CH (LEGAL), CS (LEGAL)]

Emergency Damage Or Destruction

If ESC equipment, an ESC facility, or a part of an ESC facility or personal property is destroyed or severely damaged or, as a result of an unforeseen catastrophe or emergency, it undergoes major operational or structural failure, and the Executive Director determines that the time delay posed by adhering to the requirements of this policy would prevent or substantially impair the conduct of classes or other essential operations of the ESC, then contracts for the replacement or repair of the equipment, personal property, facility, or part of the facility may be made by methods other than those required by this policy.

Sole Source

These purchasing restrictions do not apply to purchases that are available from only one source, such as:

1. An item for which competition is precluded because of a patent, copyright, secret process, or monopoly;
2. A film, manuscript, or book;

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3. A utility service, including electricity, gas, or water;
4. A captive replacement part or component for equipment.

The sole source exception shall not apply to mainframe data processing equipment and peripheral attachments with a single-item purchase price in excess of \$15,000.

Impermissible Practices

A Board member, employee, or agent shall not make or authorize separate, sequential, or component purchases to avoid the requirements of this policy.

"Component purchases" means purchases of the component parts of an item that in normal purchasing practices would be made in one purchase. "Separate purchases" means purchases, made separately, of items that in normal purchasing practices would be made in one purchase. "Sequential purchases" means purchases, over a period, of items that in normal purchasing practices would be made in one purchase.

Insurance

A contract for the purchase of insurance is a contract for the purchase of personal property and shall be made in accordance with the requirements set forth in this policy.

Multiyear Contracts

The ESC may execute an insurance contract for a period longer than 12 months, if the contract contains either or both of the provisions described in CH (LEGAL) at COMMITMENT OF CURRENT REVENUE.

Agricultural Products

If the cost and quality are equal, the ESC shall give preference in purchasing to agricultural products, including textiles and other similar products, that are produced, processed, or grown in Texas. "Processed" means canning, freezing, drying, juicing, preserving, or any other act that changes the form of a good from its natural state to another form. If Texas agricultural products are not equal in cost and quality to other agricultural products, the ESC shall give preference in purchasing to agricultural products produced, processed, or grown in the United States, if the cost and quality of the U.S. and foreign products are equal.

The ESC may not adopt product purchasing specifications that unnecessarily exclude agricultural products produced, processed, or grown in Texas.

Vegetation For Landscaping

If cost is equal and the quality is not inferior, the ESC shall give preference to Texas vegetation when it purchases vegetation for landscaping purposes.

Indebtedness

Incurring Debts To Acquire Property

An ESC may incur debts to purchase, lease, or lease/purchase property. [See (LEGAL) policies at CH and CHE] *Education Code 8.055*

The maximum rate of interest for any issue or series of public securities shall be a net effective interest rate of 15 percent. *Art. 717k-2, Sec. 2(a), V.A.T.S.*

Legal instruments creating ESC indebtedness shall be issued in accordance with the Bond Procedures Act of 1981. *Art. 717k-6, V.A.T.S.*

PURCHASING AUTHORITY AND PROCEDURES

Purchases for the ESC shall be made on the basis of price and quality. When quality is equal, purchase shall be made from the firm offering the best value. Specifications for proposed purchases shall be such as to obtain maximum competition.

Purchasing And Requisitioning

The Executive Director shall ensure an effective and efficient purchasing and requisitioning system for the ESC.

The purchasing system shall provide for purchase orders to be issued by the Executive Director or designee. No other person shall have authority to undertake purchase commitments on behalf of the ESC. [See CH]

Duties of the Business Office

The duties of the Business Office relative to purchasing are as follows:

1. Receiving of requests for purchases
2. Maintaining purchase orders in alphabetical order
3. Administering invoice payment procedures

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Purchasing and Acquisition

Procedure - Requisition/Purchase Orders

All purchases must be made in accordance with the following:

1. The Requisition/Purchase Order is a one part form originated in the iTCCS System which is password protected. Three copies are printed in the Business Office and distributed as follows: 1) vendor copy; 2) originator/receiving copy; and 3) file copy.
2. A requisition/purchase order is to be completed by the requesting center. The appropriate budget account number, quantity, description of the item, the shipping instructions, and proper coding of expenditures that most accurately describes the use, i.e. supplies by type, professional fees and services, travel, etc. must be shown.
3. All requisition/purchase orders, are reviewed by the Business Office to verify availability of funds, propriety of coding, mathematical accuracy, authority for the transaction, etc., and approved by the requesting Associate Director and/or Deputy Director, and approved by the Deputy Director for Fiscal Affairs or designated representative before processing.
4. The vendor copy will be faxed or mailed to the supplier of the goods or services; disbursement and file copies will be retained by the Business Office; requisition copies will be sent to the requesting center.
5. When the order is received in full, the Associate Director or designee is to sign one copy of the requisition/purchase order; indicate the date received, and return to the Business Office for payment. Partial shipments are not allowed.
6. The signed requisition copy will be used as authority to pay the invoice upon receipt from the vendor.
7. Purchases made without a purchase order will not be honored by the Education Service Center and will become the responsibility of the individual making the purchase.
8. Exceptions:
 - a. In case of emergency, a confirming purchase order number may be obtained by the requesting center creating a requisition and the Associate Director calling the Deputy Director requesting immediate approval so a purchase order number can be generated and issued.

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Procedure - Invoice Payment

1. All invoices will be mailed directly to the Business Office by the vendor after the goods or services have been delivered. No payment will be made from the vendor's monthly statement.
2. The purchase order number must be shown on each invoice and there must be a separate invoice for each purchase order number.
3. The Business Office will examine the invoice for proper support; verify accuracy and proof as to net amount to be paid.
4. The invoice will be matched with the requisition/purchase order for the authority to pay.
5. After confirmation that all necessary support has been properly executed, the invoice will be ready for payment.

Education Service Center, Region 2 is exempt from the payment of sales, excise or use taxes under Chapter 20, Title 20, Title 122A, Revised Civil Statutes of Texas (Article 20.04 F-4).

Travel Reimbursement Procedures

The following rules and regulations apply to all officials and employees of the Education Service Center, Region 2 with reference to travel expenses.

1. The Board of Directors shall establish rates of reimbursement for staff members traveling on official business of the Center.
2. Each employee who travels within the State of Texas with an overnight stay away from his designated headquarters is to be reimbursed lodging and meals. However, the reimbursement for meal expenses may not exceed the approved state rate. The reimbursement for lodging expenses may not exceed the approved state rate, per location. (Exceptions – if the lodging expenses exceed the maximum amount the overage must be taken from local funds with the approval of the Associate Director and Executive Director.)
 - a. Voucher Requirements:
 - i. Lodging receipt must be attached
 - ii. Meal receipts not required

Staff members traveling in or out of the ESC-2 region on official business, which does not require overnight lodging, will not be reimbursed for meals unless meals are appropriated by documentation for IRS purposes. When not in conflict with State Travel Regulations, employees may be reimbursed for in-Region meal expenses during in-region overnight travel after receiving prior approval of the Executive Director.

Meal allowances shall be as follows:

<u>Meals</u>	<u>Amount of Allowance</u>
Breakfast	\$9.00
Lunch	11.00
Dinner	16.00

Day of Departure from Designated Headquarters:

<u>Leave On or Before</u>	<u>Meals</u>	<u>Amount of Allowance</u>
6:00 a.m.	B-L-D	\$36.00
12:00 p.m.	L-D	27.00
6:00 p.m.	D	16.00

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Day of Arrival to Designated Headquarters:

<u>Arrive On or After</u>	<u>Meals</u>	<u>Amount of Allowance</u>
7:00 a.m.	B	\$ 9.00
1:00 p.m.	B-L	20.00
7:00 p.m.	B-L-D	36.00

3. Incidental Expenses

Incidental expenses are costs incurred by an employee in the performance of his/her duty, while on travel status, which are not covered under other travel expenses.

The following are allowable incidental expenses:

- a. Phone calls for official business, local and long distance are reimbursable only when approved by the Executive Director.
 - b. Gasoline for rental cars (receipts required).
 - c. All registration fees must be approved in advance by the Executive Director (receipts required).
 - d. City and county occupancy tax, if the occupancy taxes cause the room bill to exceed the \$85.00 maximum, report the tax here.
4. Staff members traveling on official business shall be reimbursed for travel away from their assigned workstations at the approved travel rate. Parking fees, taxi fares, rental of an automobile and/or airfare shall be reimbursable with receipts required and when approved by the Deputy Director for Fiscal Affairs or designated representative.
5. Individuals due reimbursement for travel expenses shall complete the Out-of-Region Travel Voucher or the In-Region Mileage Form. These reports should be itemized, signed, and dated by the employee and approved by the appropriate Associate Director. The requisitioner will write the requisition number on the upper right-hand corner of each travel form and make a copy for their records; and forward the originals to the Business Office for processing and final approval by the Deputy Director for Fiscal Affairs or designated representative. The travel expense forms are included in the Business Office website located at: http://www.business.esc2.net/boforms/AP/Out-of-Region_Travel_Voucher.pdf and http://www.business.esc2.net/boforms/AP/In-Region_Mileage_Form.pdf
6. For travel requests submitted by 10:00 a.m. on Tuesday, checks will be distributed on Friday of the same week unless Friday is a holiday, in which case checks will be distributed on Thursday. Exceptions – the Friday of the first full week of every month there will be no distribution of checks. (see ESC calendar)

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Billing Procedures

Any exceptions to the travel policy are to be made by the Executive Director. Examples of exceptions could be projects that require actual travel expenses; Board of Director travel; out-of-state travel; and other occasions deemed necessary and appropriate by the Executive Director.

Travel Rate Schedule

1. Mileage
 - a. Mileage will be reimbursed at the current State approved rate
2. Meals
 - a. In State
 - i. Actual expense not to exceed the State approved rate per day
 - b. Out of State
 - i. Actual expense not to exceed the State approved rate per day if overnight lodging is not required.
 - ii. Actual expense not to exceed federal rates for each locality when overnight lodging is required
3. Lodging
 - a. In State
 - i. Actual expense not to exceed the State approved per day
 - b. Out of State
 - i. Actual expense not to exceed the rate established in federal travel regulation for each locality.
4. Airfare
 - a. May not exceed the average coach fare; first-class airfare may be allowed only if it was the only available airfare or for a disabled employee if it is medically necessary.

A chart of standard mileage rates <\\home-svr\COS\BusinessCenter\Public> to the various Region 2 schools has been established in each center. These rates have been determined using the ESC-2 headquarters, 209 North Water Street, Corpus Christi, Texas, as the starting point. If your actual mileage is less than the standard, you must use the actual. This can occur when you leave your home and travel to a school without reporting to headquarters. This approach is consistent with the ESC-2 intent to conserve funds. The Standard Mileage Rate chart is located at the following address: \\home-svr\COS\BusinessCenter\BusinessPublic\Business_Office_Forms\Mileage_Round_Trip.pdf

Workshop Refund Policy

The ESC-2 Workshop Refund Policy is located at the following address
http://www.business.esc2.net/boforms/BO/WS_Refund_Policy.pdf

Billing Procedures

The center secretaries create invoices locally within their various departments in the iTCCS system, which is password protected. In the description of the invoice on the first line, the creator should include the department code in order for anyone to identify who created the invoice. Once created, the Business Office will print two copies of the invoice, one to be mail to the customer and the other to be filed as backup. The Department Code List is located at the following address:

\\home-svr\COS\Business Center\Public\Department_Codes.pdf

Occasionally, departments will receive cash, checks, credit card or money orders locally in their component and they will need to submit them to the Business Office for processing. The individual should fill out an internal deposit form to submit the transaction to the Business Office. This form is interactive; fill it out online and do not save a copy to your hard drive. The Internal Deposit form is included in the Business Office webpage located at:

http://www.business.esc2.net/boforms/AR/ESC-2_Internal_Deposit_Form.pdf

Contracted Services

1. All contracts are initiated by the Associate Director and developed and approved through Administration. (Example: maintenance contracts, lease to own, etc.)
2. All contractors must have cleared against the “List of parties excluded from federal procurement or no procurement programs” as published by the U. S. General Services Administration Office of Acquisition Policy.
3. Encumbrance system accounting shall be utilized when contracting with consultants for fees and services to reflect proper expenditure code (6200). Payments to consultants in excess of \$200 per day or \$1,000 in total must have proper authorization attached.
4. Request for payment of Contracted Services:
 - a. A Service Contract, Consultant Payment Form, Consultant Evaluation Form, and a W-9 Request for Taxpayer Identification Number and Certification Form must be completed and signed by the consultant. All the referenced forms can found at Filemaker Pro Registration Database.
 - b. The consultant payment form must:
 - i. indicate the name, address, and social security number or Federal ID number of the individual to be paid.
 - ii. indicate the number of units for which the person is being paid, i.e., number of days, (all days must be listed), number of miles, etc. A blank has been provided for miscellaneous expenses.
 - iii. show the unit cost and cross-multiply to arrive at the total.
 - iv. add the figures in the total column to arrive at the amount of the total payment requested.
 - v. have the individual who provided the services sign the form and forward it to the Region 2 contact person.
 - vi. have the Associate Director insert the budget account number to be charged, sign the form, attach contract agreement, and submit it to the Deputy Director for Fiscal Affairs or designated representative for approval with a requisition/purchase order request for payment.

Absence Report and Payroll Procedures

Absence Report

All completed absence reports will be turned in by 9:00 a.m. on the pay period cut off date, prior to the 25th of each month, by the Associate Director or designee to the Deputy Director for Fiscal Affairs or designee where accumulative records and computations of absences are posted and kept. The absence report can be found at:

http://www.hr.esc2.net/f_classified/pdf/Procedures/Administrative%20Procedures.pdf

Payroll

A time sheet is used to record all support staff pay and should be completed by each support staff. This form should be completed, signed, and dated by the employee and approved by the Associate Director. All staff should report actual time worked in program-related activities (Federal Programs) and should be adjusted on a monthly basis if variance is greater than 10% of budget salary allocated. Time worked should be certified by staff. After approval by the Associate Director, the time sheet should be submitted to the Business Office for processing. A copy of the time sheet is included in the Administrative Procedures located at:

http://www.hr.esc2.net/f_classified/pdf/Procedures/Administrative%20Procedures.pdf

Payday is the 25th of each month. If the 25th occurs on a Saturday or Sunday, payment will be made on Friday. If the 25th falls on a Monday, payment will be made on that Monday.

Fixed Asset Procedures

What are Fixed Assets?

There are two classes:

1. Capital Asset (*depreciable*)
2. Inventory Asset (*not depreciable*)

Fixed Capital assets (also known as capital outlay items or capital expenditure items) as defined by TEA Financial Accountability System Resource Guide possess four attributes:

1. They are tangible.
2. They have a life of longer than one (1) year and the unit cost is more than \$5,000.
3. They are of significant value at the time of purchase or acquisition.
4. Reasonably identified and controlled through a physical inventory system.

Inventory Asset, also in the capital outlay report, are items purchased at the department level and have a need to be tagged for tracking purposes only and insurance claims if needed.

1. They are tangible
2. They have a life of longer than one (1) year and the unit cost is less than \$5000.
3. They are of significant value at the time of purchase or acquisition.
4. Reasonably identified and controlled through a physical inventory system.

Procurement Procedures

Fixed assets are obtained by Region 2's standard purchasing procedures as explained in the purchasing section of the manual or in some instances by formal lease to purchase agreements. Any questions concerning classification of an item as a fixed asset should be directed to the Business Office. All fixed asset items are entered into the iTCCS system, (which is password protected) after a Fixed Assets Original Purchase Item form has been completed. The Original Purchase Item form is to be completed online at the time you receive your merchandise. Please submit the completed form to the Business Office along with a copy or your purchase order for further processing. The Original Purchase Item form is included in the Business Office website located at:

http://www.business.esc2.net/boforms/FIXED_ASSET_FORMS/FA_Original.pdf

Business Procedures Manual Fixed Asset Procedures

Control

Since fixed assets represent a sizeable investment of Region 2 funds, reasonable control over the asset is urged. Complete inventories by each center are conducted each year, with the assistance of the Business Office. It is suggested that each Associate Director provide care and control for items in their custody. Any missing or found items should be reported by completing the Fixed Assets Inventory Report form and submitted to the Business Office. The Inventory Report Form is included in the Business Office webpage located at:

http://www.business.esc2.net/boforms/FIXED_ASSET_FORMS/FA_Inventory_Report_Form.pdf

Distribution

Before transferring items to any other department in the building, a Transfer Item form should be completed and submitted to the Business Office for entry into iTCCS Asset Management System. The Transfer Item Form is included in the Business Office webpage located at:

http://www.business.esc2.net/boforms/FIXED_ASSET_FORMS/FA_Item_Transfer.pdf

Additional Procedures

Items to be disposed of should be reported by completing a Fixed Asset Delete Item form and submitted to the Business Office. Fixed assets to be deleted are obsolete and no longer in service. The Executive Director must approve the disposal of all items. The Delete Item form is included in the Business Office webpage located at:

http://www.business.esc2.net/boforms/FIXED_ASSET_FORMS/FA_Delete_Item.pdf

Items sent to Auction should be reported by completing an Auction Item form and submitted to the Business Office. Fixed assets to be auctioned are obsolete and no longer in service. If items are returned (scavenged) from the auction area and placed back in a component; an Item Transfer form must be completed and submitted to the Business Office. The Auction Item form is included in the Business Office webpage located at:

http://www.business.esc2.net/boforms/FIXED_ASSET_FORMS/FA_Auction1.pdf

Use of Media Vehicles

The Media Center will invoice the individual programs when a vehicle is used in any manner other than to pick up and deliver materials on the customary route schedule.

To schedule the use of a vehicle, you must contact the Media Manager. The charge for usage is based on the Vehicle Use Cost Chart. A Vehicle Use Form, which can be found at http://www.hr.esc2.net/f_classified/pdf/Procedures/Administrative%20Procedures.pdf will need to be completed and approved by the Media Manager.

The Media Center will prepare and service the vehicle before and after each trip.

Indirect Cost Computation

Indirect cost is calculated on an annual basis. This rate is set by TEA based on an elaborate report that is completed by the ESC-2 Business Office staff.

Sample rate: 9.704%

To apply the rate to a grant, you do the following:

Use the total grant money: \$10,000
(minus any capital outlay, stipends
payments and food if in the grant)

Divide that amount by 1 + the rate 1.09704

Example:

$$\frac{\$10,000}{1.09704} = \$9,115 \quad \text{Direct Cost}$$

Then

$$\$9,115 \times .09704 = \$885 \quad \text{Indirect Cost}$$

Then

$$\$9,115 + 885 = \$10,000$$

Business Procedures Manual
Indirect Cost Computation Worksheet

Indirect Cost Computation Worksheet

(This worksheet is for local use only. Do not include in the SAS.)

1. Total Funds to be Budgeted \$ _____

2. Exclusions:
 - a. Tuition Services \$ _____
(paid directly to the university or reimbursed to district personnel) (c/obj 622X)

 - b. Food Costs (c/obj 6351) \$ _____

 - c. Stipends – Non-Employees (c/obj 6415) \$ _____

 - d. Debt Service (c/obj 6500) (Business Office Use) \$ _____

 - e. Capital Outlay – Furniture/Equipment (c/obj 663X)
Fixed Assets – District Defined (c/obj 6649) \$ _____

 - f. Building Purchase, Construction, Improvements
and Associated Fees (c/obj 6629) (Business Office Use) \$ _____

 - g. Other Uses Function 93 (c/obj 6493) \$ _____

3. Total Exclusions (sum of a through g): \$ _____

4. Net Direct Costs eligible for Indirect Cost (line 1 minus line 3): \$ _____

5. District’s Indirect Cost Rate* (FY XXXX): \$ _____

6. Line 4 divided by one (1) plus the restricted indirect cost rate (line 5): \$ _____
(For example, if the indirect cost rate is 6.712%, divide line 4 by 1.06712.)

7. Indirect Cost Amount**: Line 6 times the restricted indirect cost rate \$ _____
(For example, if the indirect cost rate is 6.712%, multiply line 6 x .06712.)
Drop the cents. DO NOT round up.

(5% Limit for Title II)

* Use the current Agency-approved restricted indirect cost rate for the ESC-2 (for example, 6.712%) reduced to a decimal fraction (in this case, .06712). Use this for calculating indirect cost on budget amounts.

** Line 7 is the maximum amount of indirect cost the LEA may claim. The indirect cost amount claimed on line 7 of this worksheet should be entered on line 10 of Schedule #3 of the SAS Application. In any case, the Total Costs on Schedule #3, line 11, cannot exceed the total amount of the Current Entitlement.

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Business Procedures Manual
Indirect Cost Computation Worksheet

Business Procedures Manual
Revision History

Revision History

Revision	Date	Description	Requested By
A	8/16/2006	Formatting and Page Numbering. Added automatic table of contents	Mark Picozzi
A	8/16/2006	Procedure - Requisition/Purchase Orders Page 17, Step 3 updated	Jose Cantu
B	8/17/2006	Added "online version of this procedure..." to all headers	Mark Picozzi
C	8/18/2006	Various formatting changes to keep text on the same page.	Mark Picozzi
C	8/18/2006	Removed Hyperlink formatting on any reference to \\home-svr\	Mark Picozzi
D	6/22/2007	Corrected web links to proper website location	Ginger Limbaugh
D	6/22/2007	Procedure - Added 3 rd paragraph to Billing Procedures Page 23	Ginger Limbaugh
D	6/22/2007	Procedure – Fixed Asset Procedures, Updated Procurement Procedures Page 26	Ginger Limbaugh
E	11/15/2007	Changed mileage rate from .44 to .48, Page 21	Ginger Limbaugh
F	2/14/2008	Changed mileage rate to approved State Rate, Page 21	Jose H. Cantu
G	2/18/2008	Corrected web links to the Out-of-Region Travel Voucher, In-Region Mileage Form, and ESC-2 Internal Deposit Form. Deleted the old ESC-2 Registration Deposit form.	Ginger Limbaugh
H	09/18/2008	Added the ESC-2 Workshop Refund Policy, page 22. Renumbered page numbers on Table of Contents.	Ginger Limbaugh