

ATTACHMENT I
Text of Proposed Revisions to 19 TAC

Chapter 109. Budgeting, Accounting, and Auditing

Subchapter B. Texas Education Agency Audit Functions

§109.25. State Compensatory Education Program Reporting and Auditing System.

- ~~(a) Each school district and charter school shall report financial information relating to expenditure of the state compensatory education allotment under the Foundation School Program to the Texas Education Agency (TEA). Each school district and charter school shall report the information according to standards for financial accounting provided in §109.41 of this title (relating to Financial Accountability System Resource Guide.) The financial data will be reported annually through the Public Education Information Management System. The commissioner of education shall ensure that districts follow guidelines contained in the "Financial Accountability System Resource Guide" in attributing supplemental direct costs to state compensatory education and accelerated instruction programs and services. Costs charged to state compensatory education shall be for programs and services that supplement the regular education program.~~
- ~~(b) Each school district and charter school shall ensure that supplemental direct costs and personnel attributed to compensatory education and accelerated instruction are identified in district and/or campus improvement plans at the summary level for financial units or campuses. Each school district and charter school shall maintain documentation that supports the attribution of supplemental costs and personnel to compensatory education. School districts and charter schools must also maintain sufficient documentation supporting the appropriate identification of students in at risk situations, under criteria established in Texas Education Code (TEC), §29.081.~~
- ~~(c) The TEA shall conduct risk assessment and desk audit processes to identify the school districts, charter schools, or campuses most at risk of inappropriate allocation and/or underexpenditure of the compensatory education allotment. In the risk assessment and desk audit processes, the TEA shall consider the following factors:~~
- ~~(1) aggregate performance of students in at risk situations on the state assessment instruments that is below the standards for the "acceptable" rating, as defined in the state accountability system;~~
- ~~(2) the financial management of compensatory education funds; and/or~~
- ~~(3) the quality of data related to compensatory education submitted by a school district or charter school.~~
- ~~(d) The TEA shall use the results of risk assessment and desk audit processes to prioritize school districts or charter schools for the purpose of on-site visits and may conduct on-site visits.~~
- ~~(e) The TEA shall issue a preliminary report resulting from a desk audit or an on-site visit before submitting a final report to the school district or charter school. After issuance of a preliminary report, a school district or charter school must file with the TEA the following:~~
- ~~(1) a response to the preliminary report within 20 calendar days from the date of the preliminary report outlining steps the school district or charter school will take to resolve the issues identified in the preliminary report; and~~
- ~~(2) a corrective action plan within 60 calendar days from the date of the preliminary report if the school district's or charter school's response to the preliminary report does not resolve issues identified in the preliminary report.~~
- ~~(f) The TEA shall issue a final report that indicates whether the school district or charter school has resolved the findings in the preliminary report and whether the corrective action plan filed under subsection (e)(2) of this section is adequate.~~
- ~~(1) If the final report contains a finding of noncompliance with TEC, §48.104(k), the report shall include a financial penalty authorized under TEC, §48.104(o).~~

~~(2) If the school district or charter school responds with an appropriate corrective action plan, the TEA shall rescind the financial penalty and release the amount of the penalty to the school district or charter school.~~

~~(g) The TEA may conduct an on-site visit to verify the implementation of a school district's or charter school's corrective action plan.]~~

Subchapter D. Uniform Bank Bid or Request for Proposal and Depository Contract

§109.51. Uniform Depository Bank Bid or Proposal Form.

- (a) At least 60 days before the end of the current depository contract, each school district must decide to use either competitive bidding or a request for proposals to choose a new depository.
- (b) At least 30 days before the end of the current depository contract, the district must mail the uniform blank form for the selected process to each bank located in the district. The district must use either the uniform bid form specified in subsection (c) of this section or the uniform proposal form specified in subsection (d) of this section. The district may add other terms to the uniform bid or proposal form if the added terms do not unfairly restrict competition between banks as stated in [the] Texas Education Code, §45.206(b). The district must maintain [keep] the selected bid or proposal form [in the district] and make it available to the Texas Education Agency upon request.
- (c) This subsection provides the uniform bid blank form, entitled "Bid Form for Depository Services."
Figure: 19 TAC §109.51(c)
- (d) This subsection provides the uniform proposal blank form, entitled "Proposal Form for Depository Services."
Figure: 19 TAC §109.51(d)

§109.52. Uniform Depository Bank Contract and Surety Bond Forms.

- (a) Each school district must use the uniform depository contract form as provided in subsection (b) of this section. The district must complete the form [and file it electronically with the Texas Education Agency (TEA)] as specified in [the] Texas Education Code (TEC), §45.208, and in accordance with filing instructions provided on the Texas Education Agency (TEA) [TEA] website. The district must maintain the selected bid or proposal form and make it available to TEA upon request.
- (b) This subsection provides the uniform depository contract form, entitled "Depository Contract for Funds of Independent School Districts under the Texas Education Code, Chapter 45, Subchapter G, School District Depositories."
Figure: 19 TAC §109.52(b)
- (c) If a district's depository elects a surety bond to secure the district's deposit amounts less any applicable Federal Deposit Insurance Corporation insurance, the depository must complete the surety bond form provided in subsection (d) of this section, attach it to the contract, and file it with the district. The district must maintain [file] a copy of the contract and the surety bond form [with the TEA] as specified in [the] TEC, §45.208, and in accordance with filing instructions provided on the TEA website. The district must maintain a copy of the contract and the surety bond form and make it available to TEA upon request.
- (d) This subsection provides the uniform surety bond form, entitled "Texas School Depository Surety Bond Form."
Figure: 19 TAC §109.52(d)
- (e) If [the] TEA receives a contract form and determines that it is incomplete, [the] TEA will notify the district.
- (f) A district that has no current depository contract in force and filed with [the] TEA will receive its warrants from [the] TEA by US mail.

- (g) For depository contract filing requirements for charter schools, refer to §100.1063 [~~§100.1043~~] of this title (relating to Status and Use of State Funds; Depository Contract).