

Purpose

Participation by the Houston Independent School District (HISD) in the School and Libraries Program of the Universal Service Fund, commonly known as the E-Rate Program, is governed by the E-Rate Compliance Policy ("Compliance Policy") contained in Board policy CAA(LOCAL) adopted by the Board on April 8, 2010; the Compliance Agreement regarding E-Rate Internal Controls, Monitoring and Audit Requirements ("Compliance Agreement"); and the following rules, requirements, and procedures. Relevant provisions of all other District policies shall also apply, but do not override the governing documents referenced above.

This regulation applies to E-Rate Employees and Officers personnel defined herein.

Definitions

Universal Service Fund is part of the Universal Service Administrative Company (USAC), which falls under the direction of the Federal Communications Commission (FCC). Through the collection of Universal Service Fees from telecommunication providers, the FCC provides discounts to schools and libraries for eligible services based on poverty levels. Such services include telecommunications services, Internet access and data transmission services, internal connections, and basic maintenance of internal connections, and managed internal broadband services. Specific internal controls related to the E-Rate Program and requirements under the Compliance Agreement are included herein.

E-Rate Employee Personnel is defined, per the Compliance Agreement as includes:

1. All HISD officers, Board members, and employees involved in any aspect of the E-Rate Program.
2. Contractors (except for service providers that provide E-Rate supported services to HISD), consultants, agents, and other entities and individuals involved on behalf of HISD with the E-Rate Program, including individuals who:
 - a. Prepare, review, approve, sign, or submit E-Rate applications, technology plans, or other forms related to the E-Rate Program, or
 - b. Determine whether services are eligible for funding, prepare bids, or communicate or work with E-Rate Service Providers, E-Rate consultants, or USAC.
3. HISD Inspector General Office of Internal Audit staff members responsible for auditing and monitoring HISD's compliance with the terms of this E-Rate Compliance Agreement and with E-Rate Program Rules.

4. The ethics and compliance officer who oversees E-Rate compliance.

E-Rate Vendor/Service Provider is defined as any external entity or individual, and any affiliates, involved in any aspect of the HISD E-Rate Program, including but not limited to:

- Parent companies;
- Subsidiary companies;
- Joint ventures;
- Resellers;
- Consultants/contractors of the above entities;
- Board members/officers/owners of the above entities;
- Employees/representatives/salespersons of the above entities; and
- A list of E-Rate Vendors/Service Providers for the District are provided in CAA(EXHIBIT) can be found in the HISD Directory under Office of Ethics & Compliance -> E-rate Links.

Business day is defined, per the Compliance Agreement, as any day other than a Saturday, Sunday, or a day on which the District's Central Office is closed, as set forth in the District's applicable calendar for administrative employees.

Certification pursuant to this procedure shall be supported by an affidavit or declaration under penalty of perjury, signed and dated by an authorized officer or representative of HISD with personal knowledge of the representations provided, verifying the truth and accuracy of the information therein and that all of the information required has been provided. If such officer or representative is relying on the personal knowledge of any other individual, rather than his or her knowledge, such officer or representative shall provide separate affidavits or declarations of each such individual.

Approval or Sign off, for the purposes of this regulation, shall be evidenced by a formal signature of the applicable personnel that can be provided as evidence to any federal regulator, Inspector General, or HISD officer.

E-Rate SWAT team Ethics and Compliance Officer Objectives

The E-Rate Compliance Officer shall create a SWAT Team who will serve as the major oversight body for all E-Rate matters. The executive sponsor of the team shall be the Superintendent and the chairman shall be the E-Rate Compliance Officer. The steering committee of the team shall be representatives of the Superinten-

dent's cabinet. Meetings will be held with the steering committee as appropriate. SWAT Team members will be selected from key departments that impact the District's E-Rate Program and shall be key contributors to the following ethics and compliance officer's objectives will be to:

1. Establish and maintain an E-Rate knowledgebase to stay abreast of changing regulations;
2. Maintain effective policies and procedures to comply with E-Rate Program Rules and regulations;
3. Assist in overall compliance of this regulation;
4. Provide leadership by acting as a "change agent" for the District; and
5. Other matters of importance for the District's success.

Key Compliance Requirements

These requirements are intended to cover USAC E-Rate rules and procedures and in some cases are more stringent than USAC requirements. If there is any conflict between USAC rules, federal, state, local, or HISD Board policies, rules, or regulations, the more stringent requirement shall be followed. Employees shall consult with the E-Rate ethics and Compliance Officer or Office of Legal Services when a conflict in Board policies, procedures, or rules exists or there is any doubt regarding the appropriate policy, rule, or regulation to follow.

Gifts and Conflicts of Interests

The implication from the appearance of a conflict of interests is just as important as the implication from a real conflict. If an outside independent party might question the intent of a transaction or relationship, such transaction or relationship is deemed to impact create the appearance of a conflict and therefore, should be avoided.

E-Rate Program employees and Board members personnel are prohibited from accepting gifts, meals, entertainment, or anything of value from any outside entity, or any consultant or other individual representing such an entity that provides or seeks to provide goods or services pursuant to the E-Rate Program either directly or through any entity associated with the E-Rate Vendor/Service Provider described above. An exception applies for items of *de minimis* intrinsic value, such as single greeting cards, basic key chains, and basic pens.

Where an E-Rate Vendor/Service Provider ignores the E-Rate Employee or Board member personnel's rejection of a gift, entertainment, or anything of value, or if the item was accepted by mistake, such items shall either be immediately returned to the vendor with an explanation that such items are not allowed pursuant to

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District policy or immediately submitted to the ~~Inspector General's Office of Ethics and Compliance~~ for proper disposal or donation to a charitable entity as determined by the Superintendent or designee. The ~~Office of Ethics and Compliance Inspector General~~ shall log the details of such occurrences, including disposition of items. ~~Such log shall be provided to the E-Rate Compliance Officer monthly.~~ Furthermore, E-Rate ~~employees and Board members personnel~~ shall report to the ~~E-Rate ethics and Compliance Officer~~ all cases where gifts, entertainment, or other items of value have been offered by an E-Rate ~~Vendor/Service Provider~~. The ~~E-Rate ethics and Compliance Officer~~ shall take the appropriate steps to log the details of such occurrences, including any disposition of items, and communicate the District's policy to such E-Rate ~~Vendor or Service Provider~~. ~~In addition, the E-Rate Compliance Officer shall request such Vendor or Service Provider to certify their understanding of the District's policy or risk exclusion from the District's E-Rate Program.~~

~~The E-Rate Compliance Officer shall design specific language asserting the District's policy and coordinate such with the District's Legal Services and Procurement Departments to incorporate the language in future E-Rate Requests for Proposals and contracts and communication of such to all E-Rate participants.~~

~~Any questions regarding gifts and conflicts of interests should be communicated to the E-Rate Compliance Office or E-Rate Hotline [see E-RATE HOTLINE and CONTACT INFORMATION, below].~~

Mandatory Quiet Period

~~Upon issuance of an RFP, bid, or other competitive solicitation and until the day after approval of the awarded contract by the Board of Education at an appropriately called meeting, E-Rate Program employees personnel, to the best of their knowledge, shall not communicate with any E-Rate Vendor/Service Provider, related officers, and/or key employees for a 30-day calendar period prior to the issuance of a "request for proposal" and until contract execution, except for certain limited conditions allowed to the Procurement Department as provided by the Compliance Agreement. The quiet period does not apply to existing contracts.~~

Maintenance of E-Rate Vendor / Service Provider Listing

~~The E-Rate ethics and Compliance Officer shall develop and maintain an E-Rate Vendor/Service Provider Listing with assistance from the Technology Department, Office of Legal Services, and Procurement Purchasing Services Departments.~~

Quarterly Analysis

~~The District shall utilize Dunn and Bradstreet software and/or various internet sites such as Edgar filings to maintain an accurate E-Rate Vendor/Service Provider listing as possible. This analysis~~

shall include all entities and individuals included in the definition of an E-Rate Vendor/Service Provider.

Quarterly Validation

Upon completion, this listing shall be provided to the appropriate representative of the E-Rate Vendor/Service Provider for validation and update where appropriate. Once validated, the E-Rate Vendor/Service Provider Listing shall be updated on the HISD Connect website and communicated every three months to E-Rate Employees/Board Members. Any known changes to the E-Rate Vendor/Service Provider Listing in between such quarterly analysis shall also be shown on the HISD Connect Web site and communicated to E-Rate employees/Board members. A historical audit trail shall be maintained for each quarterly report generated, and records shall be retained in accordance with the DOCUMENT RETENTION section below.

Maintenance of E-Rate Employee and Board Member Listing

The E-Rate Compliance Officer shall coordinate the routine maintenance of the E-Rate Employee/Board Member Listing with the applicable departments involved with E-Rate matters. This listing is filed by the E-Rate Compliance Officer and retained in accordance with the DOCUMENT RETENTION section below. Such listing shall be used to coordinate training requirements for new employees and all employees on an annual basis. In addition, this listing shall be used to communicate modifications to applicable policies, procedures, and rules.

A report shall be generated every Tuesday and Thursday, excluding District holidays, by the Enterprise Resource Planning Department from the PeopleSoft System to identify new employees (regardless of E-Rate classification). This report shall be routed to applicable department heads over departments involved with E-Rate matters by the E-Rate Compliance Officer to specifically identify any employees meeting the definition of an E-Rate Employee noted above. Department heads or their designee in their absence shall review such report and communicate new E-Rate Employees within one business day to the E-Rate Compliance Officer. This is important because such employees must receive certain policies, rules, and procedures in a timely fashion. The E-Rate Compliance Officer shall update the E-Rate Employee/Board Member Listing and carry out the responsibilities related to training shown below.

Education / Training Program

The E-Rate ethics and Compliance Officer shall establish a program to educate and train all E-Rate Employees and Board Members personnel on an annual basis. Such training shall incorporate materials from USAC, and provide information about: (i) E-Rate Program Rules (as periodically updated), the Compliance Policy, applicable federal, state and local procurement laws, HISD conflict of interest and gift policies, and the prohibition on gifts and other

things of value; (ii) those particular E-Rate Program Rules regarding submission of invoices to USAC, and the Commission's rules and orders requiring a "fair and open" competitive bidding process; and (iii) the consequences of noncompliance with E-Rate Program Rules. E-Rate Employees and Board Members shall be trained at least annually. New E-Rate Employee and Board Members shall be trained within 45 business days of employment or assumption of E-Rate Program duties and at least annually thereafter.

As part of its E-Rate training program, the E-Rate Compliance Officer shall distribute USAC's weekly Schools and Libraries News Brief electronically to each E-Rate Employee/Board Member. Such new brief shall be reviewed by each E-Rate Employee/Board Member. The E-Rate ethics and Compliance Officer and other appropriate HISD representatives shall attend training sessions that USAC offers annually.

The E-Rate Compliance Officer shall require all E-Rate Program Employees/Board Members to certify that they have attended E-Rate Compliance training. Such certifications shall be retained by the E-Rate Compliance Office in accordance with record retention requirements set forth in 47 CFR 54.516, and also in accordance with the guidance in the *Schools and Libraries Universal Service Support Mechanism, Fifth Report and Order*, 19 FCC Red 15808, 15823-25 (2004).

The E-Rate Compliance Officer shall provide: a) policies, rules and regulations relating to gifts, conflicts of interest, and ethics from all sources including federal, state, local and District, and b) policies, rules and regulations specific to E-Rate Program Rules from USAC and the District to each federal regulator named in the Compliance Agreement and each E-Rate Employee/Board Member no later than ten business days of adoption or approved modification and at least annually thereafter. New E-Rate Employees/Board Members shall also receive such items within ten business days of employment or assumption of E-Rate Program duties and at least annually thereafter.

Internal Monitoring

The Inspector General is responsible for monitoring the performance of the E-Rate Compliance Officer and the District's compliance with the Compliance Agreement, Compliance Policy, and E-Rate Program Rules, requirements, and procedures. In addition, the Inspector General must evaluate the effectiveness of any management changes to the control infrastructure resulting from known, alleged, or suspected noncompliance of material violations.

Periodic risk assessments conducted by the Inspector General Office of Internal Audit shall include risks associated with the E-

Rate Program and adherence to the Compliance Agreement. Where appropriate, the annual internal audit plan shall include audit projects covering such areas. Such audit projects shall include, but not be limited to, an evaluation of the District's implementation of internal controls and procedures to comply with the Compliance Agreement, Compliance Policy, and E-Rate Program Rules, and other requirements. Reports shall be issued to the Board of Education, Superintendent and E-Rate Compliance Officer. Where appropriate, audits shall be conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). Audit projects shall also consider a review of actual payments to vendors by USAC or the District to determine if such payments are proper payment for goods and services provided. The report shall make appropriate recommendations where necessary to improve the efficiency and effectiveness of overall compliance and include management's plan of action to mitigate control weaknesses or resolve audit findings. Reports shall be made available to USAC upon request. Appropriate follow-up shall be conducted to ensure adequate closure of audit findings prior to subsequent year's funding requests.

Quarterly Reports to Superintendent

The E-Rate Compliance officer shall report regularly, at least quarterly, to the Superintendent about actions taken to enforce the Compliance Agreement, Compliance Policy, and E-Rate Program rules, requirements, and procedures. This report shall include any actions taken in response to any complaints or reports received, including the E-Rate Hotline, internal audit report, or anonymous tip.

E-Rate Hotline

The Inspector General Office of Ethics and Compliance shall: (i) publicize the USAC E-Rate whistleblower telephone number hotline (1-888-203-8100); (ii) create and publicize the availability of an internal HISD E-Rate Ethics hotline (1-800-483-2757/455-9551) that HISD employees and other persons can use to anonymously report any known, alleged, or suspected noncompliance; and (iii) monitor the internal HISD E-Rate Ethics hotline and investigate any matter reported. The HISD E-Rate Ethics hotline shall be available 24 hours a day, seven days a week, and shall include prompts in English and Spanish.

Upon receipt of any E-Rate matter reported, the Inspector General shall follow standard departmental procedures to investigate the matter. In addition, the Inspector General shall notify the E-Rate Compliance Officer, Superintendent, and federal regulators listed in the Compliance Agreement and follow the steps shown in the NONCOMPLIANCE section below. In all cases, a thorough investigation shall be conducted and final conclusions reached by the Inspector General's Office, who shall be independent of E-Rate mat-

ters. A full audit trail shall be maintained of all evidence obtained to support conclusions and recommendations reached.

A formal report shall be issued at least quarterly to the Superintendent and E-Rate Compliance Officer. The report shall include actions taken and those that should be taken to enforce E-Rate Program Rules, the Compliance Agreement, and the Compliance Policy, including responses to any anonymous complaints or reports received.

Noncompliance

Material Violations

The E-Rate Compliance Officer, Inspector General, and Superintendent shall report any known, alleged, or suspected non-compliance involving material violations to each other and the federal regulators listed in the Compliance Agreement, within five business days, and provide a detail summary of the surrounding circumstances within ten business days.

The E-Rate Compliance Officer and management team shall identify the root cause of such violations and make appropriate revisions to the control environment to ensure effective management oversight of the E-Rate Program. The Inspector General shall validate the effectiveness of such changes.

Non-Material Violations

In the case on non-material violations of known, alleged, or suspected noncompliance, the E-Rate Compliance Officer and Superintendent shall provide to the Inspector General, every two months and at least one week prior to the due date, starting with a due date of May 1, 2010, the information that identifies and describes each such violation of which they have knowledge that has not been identified in prior reports, as well as information describing any violations previously identified in these reports that have not been remedied. In addition, the E-Rate Compliance Officer and Superintendent shall certify that they have satisfied their obligations regarding known, alleged, or suspected noncompliance of non-material violations.

The Inspector General shall be responsible for compiling a report that identifies and describes known, alleged, or suspected non-compliance of non-material violations of which the Inspector General has knowledge that has not been identified in prior reports, as well as information describing any violations previously identified in these reports that have not been remedied. In preparing these reports, the Inspector General shall include information provided by both the Superintendent and the E-Rate Compliance Officer, which shall be incorporated into the report together with the information the Inspector General has independently obtained in carrying out his duties. Each such report shall contain a certification of the Inspector General that he has satisfied his obligations. If for any such report, the Inspector General has not, despite his reasonable ef-

forts, obtained the information required to be provided to him, under the terms of the Compliance Agreement, by either the Superintendent or E-Rate Compliance Officer, he shall so indicate conspicuously in the report. Otherwise, these reports shall contain the certifications of the Superintendent and the E-Rate Compliance Officer. The first such report describing non-material violations shall be submitted to the E-Rate Compliance Officer, the Superintendent, and federal regulators listed in the Compliance Agreement no later than May 1, 2010, and subsequent reports shall be prepared and submitted every two months thereafter, by the first day of each month.

The E-Rate Compliance Officer and management team shall evaluate all non-material violations to identify possible trends and cumulative impact to overall E-Rate Program controls. Corrective action shall be taken where appropriate.

External Audits

Initial Independent Audit

An initial audit shall be conducted by an independent party and submitted to the federal regulators listed in the Compliance Agreement by April 19, 2010, (within two months of the District's submission of applications for funding for Funding Year 2010). The audit program for such audit shall be consistent with generally accepted government auditing standards. The report shall evaluate whether the District's competitive bidding for Funding Year 2010 complied with E-Rate Program Rules, all state and local procurement laws, and any additional obligations imposed by the Compliance Agreement. The Inspector General shall coordinate this audit with the independent auditor.

District management, under the coordination of the E-Rate Compliance Officer, shall develop any necessary action plans within 30 calendar days of report issuance to mitigate control weaknesses and resolve audit findings. Action plans shall be implemented to resolve all items by District management no later than August 31, 2010, or where applicable, prior to any subsequent E-Rate filing. Extensions beyond August 31 require approval by the E-Rate Compliance Officer. Appropriate follow-ups shall be conducted by the Inspector General at least every 30 calendar days from the report issuance date to ensure adequate progress and closure of audit findings.

Annual Independent Audit

An annual audit shall be conducted by an independent party and submitted to the E-Rate Compliance Officer and Superintendent at least by October 31 of each year. The audit report shall be included with the Annual Compliance Report distributed to the federal regulators listed in the Compliance Agreement on December 31 of each year. The E-Rate Compliance Officer shall coordinate this audit with the independent auditor and shall oversee the audit program.

The annual audits shall be designed to ensure the District is complying with the terms of the Compliance Agreement, the Compliance Policy, E-Rate Program Rules, and all state and local procurement laws.

District management, under the coordination of the E-Rate Compliance Officer, shall develop any necessary action plans within 30 calendar days of report issuance to mitigate control weaknesses and resolve audit findings. Action plans shall be implemented to resolve all items by District management no later than January 31st of each year, or where applicable, prior to any subsequent E-Rate filing. Extensions beyond January 31 require approval by the E-Rate Compliance Officer. Appropriate follow-ups shall be conducted by the Inspector General at least every 30 calendar days from the report issuance date to ensure adequate progress and closure of audit findings.

**External
Certifications**

The Compliance Agreement requires the following certifications that shall be retained, along with any supporting evidence in the form of an audit trail, in accordance with the DOCUMENT RETENTION section in the regulation:

1. The E-Rate Compliance Officer shall certify to the federal regulators listed in the Compliance Agreement that he has satisfied his obligations of providing the Inspector General information regarding known, alleged, or suspected non-compliance that involves non-material violations effective April 21, 2010, and every two months thereafter. [See the NONCOMPLIANCE section for additional details]
2. The Superintendent will certify to the federal regulators listed in the Compliance Agreement that he has satisfied his obligations of providing the Inspector General information regarding known, alleged, or suspected noncompliance that involves non-material violations effective April 21, 2010, and every two months thereafter. [See the NONCOMPLIANCE section for additional details]
3. The E-Rate Compliance Officer will certify to the federal regulators listed in the Compliance Agreement that there has been a thorough supervisory review performed of E-Rate forms before submission to USAC, effective April 8, 2010, and at least every month thereafter.
4. The Inspector General shall certify to the federal regulators listed in the Compliance Agreement that he has satisfied his obligations of compiling a report regarding known, alleged, or suspected noncompliance that involves non-material violations, no later than May 1, 2010, and every two months there-

after. This certification shall also include the certifications from the E-Rate Compliance Officer and Superintendent. [See the NONCOMPLIANCE section for additional details]

5. The E-Rate Compliance Officer shall certify to the federal regulators listed in the Compliance Agreement that initial training of each E-Rate Employee and Board member has occurred and that appropriate materials have been disseminated. [See the TRAINING PROGRAM section for additional details. The E-Rate Compliance Officer may determine to require such certifications for subsequent periods]
6. The E-Rate Compliance Officer shall require all E-Rate Employees and Board Members to certify that they have attended training. [See the TRAINING PROGRAM section for timing]
7. The E-Rate Compliance Officer shall coordinate with the Procurement Department to ensure that E-Rate Vendors/Service Providers certify to the District their requirement to provide invoices related to FCC Form 474 to the District for review prior to submission to USAC.
8. The E-Rate Compliance Officer and Superintendent shall certify on December 31, 2010, to the federal regulators listed in the Compliance Agreement that they reviewed and took into consideration the Initial Independent Audit Report and Annual Independent Audit Report, before the Annual Compliance Report was submitted.
9. The E-Rate Compliance Officer and Superintendent shall certify effective December 31, 2011, and every year thereafter, to the federal regulators listed in the Compliance Agreement that they reviewed and took into consideration the Annual Independent Audit Report before the Annual Compliance Report was submitted.
10. The Superintendent shall certify on April 5, 2010, to the federal regulators listed in the Compliance Agreement that all contracts entered into for Funding Year 2010 include a provision requiring the contractor to expressly acknowledge: (i) that the E-Rate Program is a federal program and that compliance with E-Rate Program Rules is a condition of receiving universal services funds; and (ii) that USAC is obligated to recover funds disbursed in violation of E-Rate Program Rules. Thereafter, this certification shall be included in each Annual Compliance Report with respect to contracts entered into as of the date of such Annual Compliance Report.

11. The Superintendent shall certify effective December 31, 2010, and every year thereafter, that: (i) all required oversight, training, education, reporting and other E-Rate compliance activities were undertaken in accordance with the requirements of the Compliance Agreement and the Compliance Policy; (ii) contracts associated with pending E-Rate Program funding requests or commitments were entered into pursuant to a "fair and open" competitive bidding process; and (iii) no person involved in the formulation, preparation or award of any contract (including the formulation of the District's technology plan received gifts or benefits (monetary or non-monetary) from the contractor or any individual or entity affiliated with the contractor. [See the ANNUAL COMPLIANCE REPORT section for alternative steps for noncompliance]

**Internal
Certifications**

The E-Rate Compliance Officer or District management may require internal certifications from certain E-Rate Employees to provide additional acknowledgements, assurances, and understandings of E-Rate Program Rules, District requirements, and specific job duties. Such certifications are not required to be distributed to the federal regulators in the Compliance Agreement, but shall be provided to USAC or other regulators upon request.

**Annual Compliance
Report**

The District shall submit an Annual Compliance Report to be distributed to the federal regulators listed in the Compliance Agreement, effective December 31, 2010, and every year thereafter. The report shall be signed under penalty of perjury by the E-Rate Compliance Officer and Superintendent and shall describe in detail HISD's (i) efforts to comply with all E-Rate Program Rules applicable to the most recent E-Rate funding year, and (ii) efforts during that same period to comply with the terms of the Compliance Agreement and the Compliance Policy. In this report, the Superintendent and the E-Rate Compliance Officer shall certify that before submitting the Report, they reviewed and took into consideration the Annual Independent Audit Report and for the report due December 31, 2010, the Initial Independent Audit Report.

The Superintendent shall also include an annual certification regarding contract provisions pertaining to the E-Rate Program discussed in the CERTIFICATION section.

Each Annual Compliance Report shall include copies of the Annual Independent Audit Report for that year and any other audits, compliance reviews, or monitoring reports that may have been generated during the reporting period. The Initial Independent Audit Report shall be included with the Annual Compliance report submitted on December 31, 2010. The Annual Compliance Report shall also include certifications by the Superintendent that: (i) all required

oversight, training, education, reporting and other E-Rate compliance activities were undertaken in accordance with the requirements of the Compliance Agreement and the Compliance Policy; (ii) contracts associated with pending E-Rate Program funding requests or commitments were entered into pursuant to a "fair and open" competitive bidding process; and (iii) no person involved in the formulation, preparation or award of any contract (including the formulation of the District's technology plan) received gifts or benefits (monetary or non-monetary) from the contractor or any individual or entity affiliated with the contractor. In the alternative, the Annual Compliance Report shall identify for the period covered by the Report any provision of the Compliance Agreement and of the Compliance Policy with which HISD did not comply, and describe any violation or alleged violation of E-Rate Program Rules. The Report shall also explain the steps taken, and/or those that shall be taken (with a timeline specifying when HISD will take them), to correct any noncompliance, to cure any violation, and to ensure future compliance.

Progress Report

The E-Rate Compliance Officer and Superintendent shall submit to the federal regulators listed in the Compliance Agreement, on July 8, 2010, a progress report describing all of the efforts undertaken to date, and to be undertaken within the next year, to comply with the Compliance Agreement, E-Rate Program Rules, and the Compliance Policy. Such report shall include a copy of the Initial Independent Audit Report and a description of any steps required to address any problems that may be identified in that audit report.

Internet Safety and Protection

The Neighborhood Children's Internet Protection Act (NCIPA) requires recipients of federal technology funds for Internet access and/or internal connection services to comply with certain Internet filtering and policy requirements. A separate, but related provision of the Protecting Children in the 21st Century Act requires that policy include measures for educating minors about appropriate online behavior.

The Technology Department is responsible for Internet filtering and Educational Technology is responsible for educating minors about appropriate online behavior.

The District utilizes iSafe has a curriculum to educate minors about appropriate online behavior. The District utilizes Websense web filtering services to block access to visual depictions that might be deemed obscene, child pornography, or harmful to minors. A District employee, student, or parent is able to report specific Web sites websites that fit these categories to the District's service desk. The Technology Department shall evaluate the request and where

appropriate, block the site from all computers within the District's network.

**E-Rate Process
Controls**

Technology Plan

The Chief Technology Officer shall develop the District's Technology Plan with review, input and comment from academics, curriculum, and representatives of the schools. The District shall prepare a Technology Plan at least every three years.

An essential component of the 21st Century learning model is a comprehensive infrastructure for learning that provides every student, educator, and level of our education system with the resources they need when and where they are needed. The underlying principle is that infrastructure includes people, processes, learning resources, policies, and sustainable models for continuous improvement in addition to broadband connectivity, servers, software, management systems, and administration tools. The Technology Plan must address 21st Century learning to improve learning and graduation rates. The plan will include a multi-year investment strategy and shall be funded as the District can afford to implement the plan.

The Technology Plan shall describe how information technology and telecommunications infrastructure will be used to achieve educational goals, specific curriculum reforms, or improvements. The plan shall cover at least one year and include the following E-Rate components:

1. Goals and realistic strategy for using telecommunications and information technology;
2. A professional development strategy;
3. An assessment of telecommunication services hardware, software, and other services needed;
4. Budget resources; and
5. Ongoing evaluation process.

The District's E-Rate consultant shall review the Technology Plan for quality assurance and compliance with E-Rate rules, and the plan shall be approved by the Chief Financial Officer prior to submission to the State. The Technology Plan is submitted to the Texas Educational Agency who will issue an approval certificate valid from one to three years.

The Technology Plan and supporting work papers shall be retained in accordance with the DOCUMENT RETENTION section of this regulation. The Technology Plan shall be distributed as follows: a) Chief Financial Officer, b) E-Rate Compliance Officer, c) Inspector

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| | <p>General, d) Procurement Manager, e) associated business departments who participate in RFP's, and f) E-Rate consultant.</p> |
| Annual Technology Needs Assessment | <p>The Chief Technology Officer shall coordinate an ongoing process to assess the District's technology infrastructure needs to validate the effectiveness of the current plan in place. An evergreen process will be used to ensure that opportunities to improve are not lost. This process assessment shall provide sufficient detail to assist the Chief Technology Officer, IT Manager over E-Rate matters, and Chief Financial Officer in determining specific services/products and specific schools to apply for E-Rate funding. This process shall support an annual assessment of the Technology Plan which shall be approved by the Superintendent or designee. The process and supporting documentation shall be retained in accordance with the DOCUMENT RETENTION<u>Document Retention</u> section of this regulation. A copy of the updated Technology Plan including a current needs assessment section shall be distributed to the a) Chief Financial Officer, b) E-Rate Compliance Officer, e) Inspector General, d) Procurement Manager, e) associated business departments participating in RFP's, and f) E-Rate consultant to assure consistency among HISD's technology plan, bidding processes, and forms submitted to USAC.</p> |
| Request for Proposal | <p>E-Rate eligible goods and services shall be purchased by the Procurement Purchasing Services Department using the District's RFP procurement method to solicit competitive proposals from the supplier community. The E-Rate procurement team<u>Purchasing Services Department, Technology Department,</u> and associated business departments, as needed, shall collaborate to compile the scope <u>of work and evaluation criteria</u> of each RFP related to the E-Rate Program and shall ensure consistency with the approved Technology Plan, which must be in place and approved prior to the issuance of an RFP. Vendors are specifically not allowed to participate in this phase of the E-Rate Program.</p> <p>The RFPs shall correspond with the District's filing of its FCC Form 470 and must be open for at least 28 <u>calendar</u> days in accordance with USAC rules. The solicitation shall be advertised publicly in accordance with Texas Education Code (TEC) 44.031(g). Any and all prospective suppliers must be allowed to submit proposals, but only those suppliers who are registered with USAC and have been issued a Service Provider Identification Number (SPIN) may be considered for an award.</p> <p>FCC Form 470 shall describe specific services or functions for support, identify the correct category of services, identify recipients of services, and follow all applicable state and local procurement laws.</p> |

The E-Rate RFPs must contain specific language which clearly spells out the responsibilities and requirements incumbent upon an E-Rate ~~V~~ vendor/~~S~~ service ~~S~~ supplier, including but not limited to, a certification statement that they understand USAC rules and regulations, SPIN registration, Service Provider Annual Certification registration, E-Rate invoicing procedures pertaining to FCC Forms 472 and 474, conflict of interest requirements and other matters ~~pertaining to the Compliance Agreement deemed necessary.~~ The ~~E-Rate Compliance Office of Ethics and Compliance shall coordinate such language with the Procurement Purchasing Services Department and Office of Legal Department Services.~~

During the period of time the RFP process is open, communications regarding the open RFPs between District personnel, including Board members, and the supplier community is limited to the designated ~~Procurement Purchasing Services representatives.~~ Such communications must assure open and fair competition with full disclosure to all RFP participants. The designated representative must be named in the RFP and shall function as the point of contact with the supplier community to handle all communications from vendors or other persons interested in the RFP during the course of the proposal and selection process. ~~Said employee must document all such communications, whether telephonic, e-mail, or otherwise.~~

Further, the E-Rate RFPs must specify a due date, time, and place for the receipt of proposals. All bids received must be sealed and unopened until the designated time occurs.

In accordance with the ~~Procurement Purchasing Services Department's standard practice and as required per TEC 44.031(g) and USAC regulations,~~ proposal openings must occur after the 28-day waiting period ~~and are open to the public, including HISD employees as well.~~

Participants in the preparation of the RFP shall ~~document their signature on file copies to denote their provide final approval of the technical specifications to the designated Purchasing Services representatives.~~ File copies of FCC Form 470 shall contain the signature of all parties who contributed in preparing the document, supervisory review, quality assurance from E-Rate consultant, compliance oversight, and formal approval parties. All supporting documentation shall be retained with formal audit trails in accordance with the ~~DOCUMENT RETENTION~~ Document Retention section of this regulation.

Evaluation of
Proposals

When bids are opened, the proposing company names must be documented ~~on the Procurement by the Purchasing Services Department's approved form designated for this purpose.~~

Committees of representative stakeholders must evaluate the proposals. ~~The committees must include knowledgeable personnel from the Procurement and Technology and Information Systems Departments, as well as the Construction and Facilities Services Department, and other end-user departments when appropriate. The committees must be chaired and facilitated by a Procurement Department Purchasing Services representative, who shall be responsible for all communications to and from the supplier community during the evaluation period and all documentation covering the proposal tabulation process.~~

The evaluation committees shall score each of the proposals that are submitted using a comparative, numerical system designed to promote open and fair competition. In accordance with USAC rules, price must be considered the most heavily weighted criterion in the evaluation, but other aspects of a supplier's effectiveness, such as quality of products and services, are also evaluated. A weighted system is used to gage the respective value of the various criteria. The weights may differ slightly from project to project but price will always carry the heaviest weight. For instance, a cabling installation project may have a heavier scope of services weight than a project for simple delivery of goods, but price will be the most heavily weighted criterion in either case. The following criteria ~~shall may~~ be used to evaluate E-Rate projects.

- Scope of services offered, certifications, technical resources;
- Purchase price;
- Past experience with HISD/other K–12 districts;
- M/WBE participation;
- Completeness of proposal response; and
- Reputation, references, good workmanship, financial stability.

The evaluation committees shall work independently of other District management not on the committee, senior administration, and the Board of Education. The committee shall score each supplier, perform the calculations, and make recommendations in accordance with the data. Where the committee selects an RFP with higher than average pricing, ~~as compared with other vendor proposals received,~~ a detailed explanation shall be documented. The ~~Procurement Purchasing Services~~ Department representative must assure that all aspects of TEC 44.031(b) are considered by the committee, thereby assuring compliance with state procurement laws.

A formal audit trail containing signatures of each evaluation committee member, dates of meetings and those in attendance, tabulation summaries of all bids (both winning and losing bids), and conclusions reached shall be maintained by the Procurement Department Purchasing Services representative in accordance with retention requirements in the DOCUMENT RETENTION Document Retention section of this regulation.

The recommendations of the evaluation committee shall be reviewed and approved by the Procurement purchasing services category Mmanager, officer and/or Ggeneral Mmanager of Procurement Purchasing Services, the Chief Technology Officer, the IT Mmanager for E-Rate matters, the E-Rate ethics and Ccompliance Oofficer, and the Chief Ffinancial Oofficer. Following that approval process, the recommendations will be prepared for the Board of Education and presented to the Board of Education for a vote. In any case, if the recommendations from the evaluation committee are overridden by any party for any reason, the committee shall communicate such to the E-Rate ethics and Ccompliance Oofficer and Inspector General Office of Internal Audit. The committee members shall document the details of the override, including the overriding parties' name, the basis for the override, and if the member believes or suspects any wrongdoing. The E-Rate Compliance Officer and Inspector General shall fully review and evaluate these actions and supporting data for possible communication to the federal regulators listed in the Compliance Agreement where necessary in accordance with the time frame specified in such agreement.

Contracting

Following Board of Education approval, contracts are drafted and executed with the Board-awarded suppliers, as applicable. The E-Rate ethics and Ccompliance Oofficer shall coordinate with the Office of Legal Department Services to ensure the District's standard contract form contains any express language required by the Compliance Agreement for E-Rate matters. The forms of agreement used may follow the District's standard forms, the suppliers' standard forms, or forms adopted by the Texas Department of Information Resources. Regardless of which form is used, the Office of Legal Department Services shall review and approve such contracts to validate express language that suppliers understand and pledge to abide by USAC rules and regulations pertaining to E-Rate business and conflict of interest requirements, as well as any statements expressly required under the District's Compliance Agreement with the Federal Communications Commission.

Internal approval signatories for the District's E-Rate contracts include the Ggeneral Ccounsel, the Chief Ffinancial Oofficer, the Superintendent, the Ssecretary of the Board of Education, and the

~~Pr~~resident of the Board of Education. The ~~Procurement Manager-~~
~~Purchasing Services Department~~ notifies the E-Rate ~~V~~en-
~~dor/S~~service ~~P~~rovider that they have been awarded the winning
bid.

Following the execution of contracts, the IT ~~Project M~~anager for
E-Rate matters ~~and/or the E-Rate consultant~~ shall complete the
FCC Form 471, naming the service providers who have been
awarded contracts under this process. The IT ~~Project M~~anager
for E-Rate matters shall also be responsible for the preparation of
supporting schedules to calculate the applicable discount level for
each service requested using the percentage of students eligible
for free and reduced lunches under the National School Lunch
Program obtained from the District's Federal and State Compliance
Department.

File copies of Form 471 shall contain the signature of all parties
who contributed in preparing the document, ~~and~~ supervisory re-
view, ~~quality assurance from E-Rate consultant, compliance over-~~
~~sight, and formal approval parties.~~ All supporting documentation
shall be retained with formal audit trails in accordance with the
~~DOCUMENT RETENTION~~ section of this regulation.

Application Review
by USAC

Responses to USAC inquiries and requests for additional infor-
mation shall be coordinated by the IT ~~M~~anager for E-Rate mat-
ters. ~~Questions regarding verification of compliance matters specifi-~~
~~c to E-Rate rules or the Compliance Agreement shall be~~
~~coordinated with the E-Rate Compliance Officer.~~ All responses and
~~any supporting documentation shall be retained in accordance with~~
~~the DOCUMENT RETENTION~~ section of this regulation.

Funding Decision
from USAC

A funding commitment decision letter is issued by USAC to com-
municate details of its decision to approve or deny the District's
funding requests. The District may elect to purchase eligible E-
Rate goods and services independently of USAC. In such case,
the Chief Financial Officer shall approve such purchases.

Procurement
Process

Individual requisitions and purchase orders must be subsequently
entered in the District's ~~ERP~~ financial system ("~~SAP~~") to authorize
and release specific pieces of work or specific purchases of goods
for delivery. The requisitions pertaining to E-Rate goods and ser-
vices shall be controlled and entered by the Technology ~~and Infor-~~
~~mation Systems~~ Department as the preparer. The E-Rate requis-
itions are approved for funding by supervisory personnel in the
Technology Department who did not prepare the requisitions and
are approved for adherence to District technology standards by
specified Technology personnel. E-Rate purchase orders shall be
prepared ~~and approved~~ by the ~~buyer/senior buyer for E-Rate mat-~~
~~ters and approved by the Procurement Manager of the Procure-~~

| | |
|--------------------------|---|
| | <p>mentrespective Purchasing Services Department representatives.</p> <p>The E-Rate procurement process must follow all standard procurement policies and procedures, except where E-Rate requirements stated herein are more stringent.</p> |
| Commencement of Services | <p>The IT Project Manager for E-Rate matters <u>and/or the E-Rate consultant</u> prepares FCC Form 486 to inform USAC that services have started. The IT Manager for E-Rate matters approves the form. File copies of FCC Form 486 shall contain the signature of all parties who contributed in preparing the document, supervisory review, quality assurance from E-Rate consultant, compliance oversight, and formal approval parties. All supporting documentation shall be retained with formal audit trails in accordance with the <u>DOCUMENT RETENTION</u>Document Retention section.</p> |
| Invoicing | <p>Any E-Rate Vvendor/Sservice Pprovider that enters into a contract involving E-Rate funds with the District must adjust its billing policies and procedures to conform to the payment requirements of the USAC and E-Rate Program Rules. One of two invoicing methods shall be utilized: a) FCC Form 472 where the District pays the <u>full invoice amount</u> upfront <u>to the E-Rate vendor/service provider</u> and completes documentation for USAC to reimburse the District <u>for the E-Rate eligible discounted portion</u>, or b) FCC Form 474 where the District pays <u>the E-Rate vendor/service provider only</u> the non-discounted portion of an invoice and USAC pays the discounted portion. In the case of FCC Form 474, the following rules shall apply:</p> <ol style="list-style-type: none">1. Invoices shall contain all goods and services provided by the E-Rate Vvendor/Sservice Pprovider and shall reflect all charges to both the District and USAC. This invoice must contain a comprehensive itemization of all charges and clearly set forth the appropriate percentage of payments due from USAC and the District.2.1. Invoices shall itemize all E-Rate eligible and ineligible goods and/or services being procured per the corresponding purchase order.3.2. Invoices shall be submitted to and reviewed by the District prior to submission of the invoice to USAC. The District shall review all such E-Rate invoices within ten business days from their receipt by the Technology Department. The E-Rate Vvendor/Sservice Pprovider shall only be permitted to submit the invoice to USAC after receiving written approval from the District. As a preventive control, the IT Project Manager for E-Rate matters shall enroll in the USAC "invoice check process", which requires the District to certify such invoices prior to USAC payment. |

4.3. Invoices shall be free of variances between items delivered and items billed. If variances are found, the District will notify the E-Rate ~~V~~vendor/~~S~~service ~~P~~provider of such variances and that the invoice has not been approved for payment. Corrected invoices must be re-submitted.

Invoice Matching
And Approval

Free goods or services shall be excluded from E-Rate process. In addition, such invoices shall not be inflated to cover the cost of free goods or services.

The District is prohibited from allowing an E-Rate ~~V~~en-
dor/~~S~~service ~~P~~provider to pay any portion of the District's allocated invoice (i.e., non-discounted portion pertaining to FCC Form 474 invoices)

Any benefit from pre-payment discounts shall be submitted to USAC.

The District shall pay its portion of an invoice no later than the time USAC makes its payment to the E-Rate ~~V~~en-
dor/~~S~~service ~~P~~provider. Deferred payment plans will jeopardize a funding request.

Prior to payment, an authorized employee of the Technology Department shall inspect the receipt, installation, and/or quality of work performed by an E-Rate ~~V~~en-
dor/~~S~~service ~~P~~provider and evidence such review by signature on the appropriate file copies which shall be submitted to the IT ~~P~~roject ~~M~~anager for E-Rate matters for retention in accordance with the ~~DOCUMENT RETENTION~~Document Retention section of this regulation.

For exceptions identified during the invoice matching process, the Technology Department, Purchasing Services Department, and Accounts Payable Department representatives ~~buyer or senior buyer for E-Rate matters~~ shall coordinate a resolution with the E-Rate ~~V~~en-
dor/~~S~~service ~~P~~provider. Where applicable, a revised invoice shall be submitted to the District.

For exceptions identified during the inspection process relating to invoice approval, the Technology Department shall communicate such details to the Purchasing Services Department and Accounts Payable Department representatives ~~buyer or senior buyer for E-Rate matters~~, who will coordinate a resolution with the E-Rate ~~V~~en-
dor/~~S~~service ~~P~~provider. Where applicable, a revised invoice shall be submitted to the District or the service work revised to allow re-inspection by the Technology Department.

Invoice Disputes

Invoice disputes shall be escalated by the Accounts Payable Department ~~buyer or senior buyer for E-Rate matters~~ to the Procurement IT Manager for E-Rate matters, who shall consult with the

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~~Technology Department and E-Rate Vendor/Service Provider~~
as appropriate to resolve such matters in a timely fashion.

**General Internal
Control
Requirements**

At a minimum, the District shall adhere to the following approval matrix for E-Rate matters initiated after the approval date of this regulation. Compliance oversight shall be the responsibility of the ~~E-Rate Ethics and Compliance Officer~~. The District may also request the services of an external consultant on certain E-Rate matters for an added layer of quality assurance. In addition, the IT ~~Project Manager~~ for E-Rate matters shall create and maintain an E-Rate binder per the table of contents shown on the USAC ~~Website~~.

| Document | Preparer Sign-off | Supervisor Sign-off | Quality Assurance Sign-off | Final Release to USAC |
|-------------------------------|--|---|--|--|
| USAC Forms & Attachments | IT Project E-Rate Functional Manager and/or E-Rate Consultant | IT Manager | Chief Technology Officer | Chief Financial Officer or Controller |
| Competitive Bidding Documents | Purchasing Services Category Specialist / Manager Procurement Buyer | Purchasing Services Management and IT Management Procurement Manager | Procurement General Manager | N/A E-Rate Consultant |
| Response to PIA Process | IT Project E-Rate Functional Manager and/or E-Rate Consultant | IT Manager | Chief Technology Officer | N/A E-Rate Consultant |
| Invoice Analysis for Payment | IT E-Rate Functional Manager and/or E-Rate Consultant Asset Mgmt. Clerk | IT Project Manager | IT Manager | IT E-Rate Functional Manager and/or E-Rate Consultant N/A |

Document Retention

The ~~IT manager for E-Rate Compliance Officer matters and/or E-Rate consultant~~ shall retain documents (i) as required by 47 CFR 54.516, and (ii) in accordance with the guidance in the *Schools and Libraries Universal Service Support Mechanism, Fifth-Seventh* Re-

port and Order, ~~19-FCC Red 15808, 15823-25 (2004) 14-99~~ (adopted July 14, 2014) or such subsequent additional guidance as the FCC may provide. ~~In addition, the District shall retain all documents that are related to performance under this E-Rate Compliance Agreement, including documents relevant to determining compliance or noncompliance. Such documents shall be retained for at least five years following the expiration of the Compliance Agreement, and longer if E-Rate contracts executed between Funding Year 2010 and Funding Year 2014 remain in effect.~~

Consequences of Noncompliance

Noncompliance with the District's E-Rate Policy or E-Rate ~~P~~rogram ~~R~~ules may be grounds for disciplinary action, including but not limited to, criminal and civil prosecution, warning, censure, reprimand, suspension, loss of pay and dismissal, cancellation of contracts/commitments, recoupment of disbursed E-Rate funds, and suspension/debarment from the E-Rate ~~P~~rogram.

Remedies for Non-Compliance

The ~~E-Rate ethics and C~~ompliance ~~O~~fficer shall communicate and consult with the District's ~~Office of Legal Services-Department~~, outside counsel, Superintendent's Cabinet, Superintendent, and/or the Board of Education or USAC where appropriate, to address the following areas, as necessary:

1. ~~Material noncompliance or violations of the Compliance Agreement or FCC E-Rate P~~rogram ~~R~~ules;
2. Suspension of funding; ~~and~~
3. ~~Request for deadline extension; and~~
- 4.3. ~~FCC Appeal/waiver~~ process.

References

~~See CAA(EXHIBIT) for a list of E-Rate Vendors/Service Providers, including related officers and/or key employees, which is updated at least quarterly.~~

Contact Information

For questions relating to this regulation or any E-Rate matter, or to report any known, alleged, or suspected noncompliance with ~~the E-Rate P~~rogram ~~R~~ules or the District's ~~Compliance Policy~~, please contact the following:

- ~~E-Rate~~Office of Ethics and Compliance ~~O~~ffice at (713) 556-6300-6095 or by e-mail at ~~E-RateComplianceOffice@houstonisd.org~~ ~~Ethics@houstonisd.org~~, or
- The HISD ~~E-Rate~~Ethics Hotline at 1-800-483-2757-455-9551.

Maintenance Responsibility

The ~~E-Rate~~ethics and ~~C~~ompliance ~~O~~fficer is responsible for maintenance of this regulation.

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Effective Date

This regulation will be effective as of the adoption date, April 28, 2022.