

## REQUEST FOR APPLICATION

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# Application Guidelines

## Part 1: General and Fiscal Guidelines

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# General Guidelines

Use these guidelines with *Application Guidelines—Part 2: Program Guidelines* and the *Application Guidelines—Part 3: Schedule Instructions*. All guidelines and instructions will be incorporated by reference into any Notice of Grant Award (NOGA) issued by the Texas Education Agency (TEA).

## Notice of Intent to Apply for Competitive Grants

A notice of Intent to Apply is not required for this grant application

## Assistance to Applicants

This section provides information about different sources of assistance.

### Frequently Asked Questions (FAQs), Additional Information, Errata Notices

Applicants are responsible for periodically checking the TEA **Grant Opportunities** website <http://burlson.tea.state.tx.us/GrantOpportunities/forms> for any postings of *Frequently Asked Questions (FAQ)*, *Additional/Clarifying Information*, or *Errata Notices* that pertain to this application.

In the **Select Search Options** pane, select the name of the program/RFA from the list. Scroll down to **Application and Support Information** to view all documents that pertain to this RFA.

TEA assumes no responsibility and holds all applicants solely responsible for obtaining all information, errata notices, or changes to applications.

### Program Assistance

Any person wishing to obtain clarifying information about the contents of this Request for Application (RFA) may contact the persons listed in *Application Guidelines—Part 2: Program Guidelines*.

To assure that no prospective applicant may obtain a competitive advantage because of acquisition of information unknown to other prospective applicants, any and all questions about the RFA must be submitted in writing to the TEA contact persons. Questions may be submitted via e-mail to the contact persons or in writing by mail to the Document Control Center, Texas Education Agency, 1701 N. Congress Avenue, William B. Travis Bldg., Room 6-108, Austin, TX 78701-1494. The name of the RFA and the RFA number, located in the lower right corner of the front cover of this RFA, must be identified in the written request for information.

Applicants must submit their written questions to either the program or funding contact person no later than 5:00 p.m. Central Time on the date specified in Part 2: Program Guidelines. The questions and their answers (FAQs) will be posted on the TEA Grant Opportunities website on or before the date specified in Part 2: Program Guidelines for posting. To provide all applicants with equal opportunity to review all FAQs prior to submitting the grant application, any questions received after the date specified in Part 2: Program Guidelines will not be answered by TEA.

All questions and the written answers thereto will be posted on the *TEA Grant Opportunities* website in the format of Frequently Asked Questions (FAQs) at <http://burlson.tea.state.tx.us/GrantOpportunities/forms>. In the **Select Search Options** box,

select the name of the program/RFA from the list. Scroll down to **Application and Support Information** to view all documents that pertain to this RFA.

If you do not have access to the Internet, you may obtain a copy of the FAQ by contacting the: Document Control Center, Texas Education Agency, 1701 N. Congress Avenue, William B. Travis Bldg., Room 6-108, Austin, TX 78701-1494, or by calling 512-463-9269. The RFA number, located in the lower right corner of the front cover of this RFA, and the RFA name must be identified in the request.

## Conditions for Submission of Application

To be considered for funding, all applicants must meet the following conditions:

- The applicant agrees to complete the scope of work described in the application at the contracted funding amount.
- A Notice of Grant Award (NOGA) will be issued for the applications that are approved. The NOGA will incorporate this RFA, the instructions for each form, and the approved application as negotiated by TEA and will constitute the binding agreement between the parties.
- Applications with missing or incomplete schedules may be disqualified and not awarded. It is the responsibility of the applicant to ensure that all schedules are completed and that all copies of the application are complete before submitting to TEA.
- For competitive grants, applications that do not address all of the statutory requirements for this program will not be eligible or considered for funding and are not eligible to be corrected or negotiated. **Only** applications that address all statutory requirements at the time of submittal are eligible to be negotiated and funded, regardless of their final score or ranking.
- **Required Attachments:** For competitive applications, all required attachments must be submitted along with the application for it to be eligible for review and scoring. The application will not be reviewed or scored if any required attachments do not accompany the application when it is submitted.
- **Proof of Financial Stability:** All public school districts, open enrollment charter schools, and education service centers (ESCs) must be in compliance with submitting the required annual audit for the immediate prior fiscal year to TEA in the time and manner requested by TEA, and the audit must be determined by the TEA Division of Financial Audits to be in compliance with the applicable audit standards. All applicants must be deemed by TEA to be financially stable at the initial time of preliminary selection for funding in order to receive a grant award. The TEA Division of Financial Audits will determine financial stability based on the required annual audit for the immediate prior fiscal year.
- All nonprofit organizations (excluding nonprofit open enrollment charter schools and public school districts) and for-profit organizations must submit along with the application indicators of financial stability, including but not limited to the following:
  - Most recent (i.e., within the last two years from the date the grant application is filed with the Agency) audit report, including a statement of financial position, statement of activities (income statement), statement of cash flows, and note disclosures
  - Independent auditor's opinion (standard report)

If the grant applicant is also subject to the Single Audit Act of 1996, as amended, the audit report must also include reports in accordance with Government Auditing Standards, as

promulgated by the United States Government Accountability Office and Office of Management and Budget (OMB) Circular A-133.

Alternatively, if the organization is new and has not yet had the first annual audit conducted, the grant applicant may file a compilation of financial statements, including a report on compiled financial statements, a statement of financial position, statement of activities (income statement), and statement of cash flows. The compilation report must be prepared by a certified public accountant and in accordance with the standards promulgated by the American Institute of Certified Public Accountants.

The Division of School Audits will consider the financial data provided in the application and determine whether the applicant provided sufficient information. Applications submitted with insufficient financial data at the time of original submission will be rejected. Applicants submitting insufficient financial data will not be permitted to submit additional financial data at a later date in order to qualify the application for consideration.

For applications that have sufficient financial data, the Division of Financial Audits will use that data to determine whether the applicant is financially stable based upon a deficiency of net assets, a deficiency of net unrestricted assets, the ratio of current assets to current liabilities, deficiencies in cash flow, qualifications to the opinions of an independent auditor on the applicant's financial statements, and any other financial data submitted with the application that indicates that the applicant is financially unstable.

A competitive grant will not be awarded to an entity that is not financially stable as determined by the Division of Financial Audits at the initial time the determination is made, regardless of the final score or ranking of the application. This determination will be made based upon the financial and other information disclosed in the audit or compilation report submitted with the original grant application. Financial stability will be considered before a grant award is issued for each year of subsequent continuation funding and is a pre-condition for award.

- **Proof of Nonprofit Status:** All nonprofit organizations, including open-enrollment charter schools but excluding school districts, must also submit current proof (i.e., within the last 10 years) of nonprofit status along with the application. An applicant may show current nonprofit status by any of the following means:
  - Copy of a letter from the Internal Revenue Service recognizing that contributions to the organization are tax deductible under Section 501(c)(3) of the Internal Revenue Code
  - Statement from a state taxing body or the state attorney general certifying that the organization is a nonprofit organization operating within the state and that no part of its net earnings may lawfully benefit any private shareholder or individual
  - Certified copy of the applicant's certificate of incorporation or similar document if it clearly establishes the nonprofit status of the applicant
  - Any item described above if that item applies to a state or national parent organization, together with a statement by the parent organization that the applicant is a local nonprofit affiliate

A grant will not be awarded to a nonprofit organization that cannot demonstrate nonprofit status at the time of application submittal.

- TEA reserves the right to reject any and all applications and to negotiate portions thereof.
- It should be clearly understood that the applicant will not necessarily receive the amount requested if a lesser amount is determined to be appropriate.
- The applicant shall furnish such additional information that TEA may reasonably require.

- TEA reserves the right to select the applications containing the best offer considering the outcomes desired.
- All schedules must be complete and included in the application. For competitive applications, additions, including any required attachments, or replacements to the application will not be accepted after the closing date for receiving the application in the TEA Document Control Center (DCC). To be considered for funding, the required number of copies of the application must be received by 5:00 p.m. on the established deadline date.
- TEA will not be liable for any costs incurred in the preparation and submittal of the application.
- The grantee must commence and perform project activities according to the timelines described in the task or activity plan. Failure to do so may result in reduction and reallocation of funds.
- TEA reserves the right not to award a competitive grant (including a continuation grant that was originally competitive) to a grantee that is identified by TEA as high-risk between the time the application is submitted to TEA and the time the application is approved and NOGA is awarded.
- The commissioner of education reserves the right to revoke a grant award for reasons including but not limited to the following:
  - Noncompliance with application’s provisions and assurances
  - Failure to implement the grant program or to use grant funds and any required cost share or matching funds in accordance with the RFA, program rules and guidelines, the authorizing program statute, or the application approved by TEA
  - Lack of program success as evidenced by progress reports and program data
  - Failure to provide program data to TEA or its subcontractors
  - Failure to account for grant funds in accordance with standards for financial management, to retain proper documentation for grant expenditures, or to provide information to auditors and monitors
  - Identification by TEA as a high-risk grantee
  - Failure to meet performance measures or standards as specified in the RFA
  - Failure to provide accurate, timely, and complete information as required by TEA to evaluate the effectiveness of the grant program

If a grantee is identified as high-risk by TEA during the grant period, TEA reserves the right to immediately begin procedures to terminate the grant. The grantee will be reimbursed for allowable expenditures up through the date of notification of high-risk status.

- For a state-funded grant, a decision by the commissioner of education to revoke the grant award is final and may not be appealed.
- If specified by TEA, the program design and all materials, program activities, and other products produced or adapted by the contractor must be reviewed and approved in draft form and in final form by the TEA project administrator.
- Particular attention should be paid to the requirements contained in the form and instructions to Schedule #6—**Provisions and Assurances**. The signature of the authorized official indicates that the grantee has read and will comply with these requirements.

- All materials, conceptions, and products created or conceived by the grantee, its employees, agents, consultants, or subcontractors arising out of this grant shall be the sole property of TEA. TEA (and/or the Federal government if for a federally funded project) shall hold the copyright and trademark to all materials, conceptions, and products created or conceived under this grant. The grantee shall so bind all concerned through written agreements with subcontractors and consultants.

## Application Submission Procedures

Applicants are advised of the following submission procedures:

- For competitive applications, unless otherwise specified in *Application Guidelines—Part 2: Program Guidelines*, four complete copies of the application must be submitted by the deadline time and date. Each copy of the application should be stapled or clipped in the upper left corner. Do not bind the application in a notebook or folder. Do not include a cover sheet, table of contents, or divider pages. Do not include unsolicited attachments. Applicants are responsible for ensuring that each copy of the application is complete and is in the proper order. Photocopying and space for assembling documents are not available at TEA.
- At least three copies of the application must have an original signature of the person authorized to bind the applicant in a contract.
- All narrative schedules must be typed or word processed in Verdana or Arial with a font size no smaller than nine points and must be on the forms/schedules provided by TEA with no alterations. Any pages altered will be removed prior to scoring. Handwritten schedules will not be reviewed. Any pages that exceed the specified page limitation for narrative schedules will be removed before the review, and scoring and will not be considered.
- It is the responsibility of the applicant to ensure that all schedules are completed and that all copies of the application are complete before submitting to TEA. Applications with missing schedules or blank schedules will be disqualified and will not be reviewed and scored.
- For competitive grants, applications that do not address all of the statutory requirements for this program will not be eligible or considered for funding and are not eligible to be corrected or negotiated. **Only** applications that address all statutory requirements at the time of submittal are eligible to be negotiated and funded, regardless of their final score or ranking.
- Required Attachments: For competitive applications, all required attachments must be submitted along with the application for it to be eligible for review and scoring. The application will not be reviewed or scored if any required attachments do not accompany the application when it is submitted.
- In establishing the time and date of receipt, the commissioner of education will rely solely on the time/date stamp of the DCC. Competitive applications not received by 5:00 p.m. Central Time on the due date will not be accepted by TEA.
- TEA's DCC is open Monday through Friday, 8:00 a.m. to 5:00 p.m., excluding holidays. Applications will not be accepted nor considered for funding if received in the DCC after 5:00 p.m. Central Time on the closing date. Applications received after the deadline will be returned to the applicant.
- The DCC is located on the sixth floor of the William B. Travis Building, 1701 North Congress (at 17th Street and North Congress, two blocks north of the Capitol) in Room 6-108, Austin, Texas 78701-1494. The mailing address is:

Document Control Center  
Texas Education Agency  
1701 N. Congress Avenue  
William B. Travis Bldg.  
Room 6-108  
Austin, TX 78701-1494

- Be sure to address the application to the DCC, Room 6-108 of TEA, as stated in the address above. Failure to include this information could result in a delay in the receipt of the application by the deadline date and time.
- *As proof of receipt of any application, TEA will not accept* (1) a U.S. Postal Service postmark or round validation stamp; (2) a mail receipt with the date of mailing stamped by the U.S. Postal Service; (3) a dated shipping label, invoice, or receipt from a commercial carrier such as UPS, Federal Express, Airborne Express, or Express Mail; (4) or any other documentation.
- **Special Advisory:** TEA assumes no responsibility, due to any circumstances, for the receipt of an application after the deadline time and date established in the RFA. Applicants are further advised *not* to waive signature of receipt by TEA if submitting the application by Express Mail or by courier or delivery service. Waiver of signature of receipt by TEA may result in a delay in delivery to TEA, causing the application to be received in TEA after the deadline date and rendering the application not eligible for consideration for funding.
- **Late Applications:** TEA will not accept nor consider for funding any late competitive applications for any reason. Accepting one late application for any reason could invalidate the entire competition and require the publication of a new request for application (the RFA is comprised of these guidelines and the associated program-specific guidelines, schedule instructions, and grant application schedules) and re-submission of applications by all applicants on a new deadline date. Permitting late applications poses an undue burden for applicants who *did* meet the deadline and causes significant delays in the implementation of the grant program.
- Delays in mail, shipping, and courier service may occur for reasons beyond TEA's control. TEA accepts no responsibility for such delays. Applicants are strongly advised to allow for and anticipate any such delays by mailing or shipping the application as early as possible.
- Applications submitted by public school districts must be signed by the superintendent of the school district or a designee. Applications submitted by regional ESCs must be signed by the executive director or a designee. Applications submitted by open-enrollment charter schools must be signed by the chief operating officer of the school. Campuses and campus charter schools must apply through their public school district, and the application must be signed by the superintendent or a designee.

## Review of Competitive Applications

The competitive nature of the Algebra Readiness Cycle 1 grant application is based upon the following:

1. Average TAKS Mathematics passing rate for students in grades 7 and 8 for 2006-2007, 2007-2008, and 2008-2009 (first administration of each school year)
2. Number of students in grades 6, 7, and 8, or grades 7 and 8, is at or above 400 when combined (number of students identified in the 2008 PEIMS fall enrollment)

- The average rate of improvement for TAKS Mathematics passing rates for the 2006-2007, 2007-2008, and 2008-2009 school years (average of all three school years) for grades 7 and 8 is 5 percentage points or higher, as computed by TEA

Using the criteria above, eligible campuses will be ranked from highest priority to lowest priority according to the following order. Funding will be distributed to eligible, submitted applications from highest-ranking campuses to the lowest-ranking campuses until all funds available have been awarded. Applications must be submitted by the deadline to be eligible for ranking and for consideration for funding.

- Campuses meeting Criteria 2 and 3 above, ranked from lowest TAKS Mathematics passing rate to highest
- Campuses meeting only Criterion 2, ranked from lowest TAKS Mathematics passing rate to highest
- Campuses meeting only Criterion 3, ranked from lowest TAKS Mathematics passing rate to highest
- Campuses not meeting either Criteria 2 or 3, ranked from lowest TAKS Mathematics passing rate to highest

The following tables illustrate a sample scenario for distribution of Algebra Readiness funds among an applicant pool including 10 campuses. In the first table, the campuses are ordered randomly. The second table shows the rank order of the campuses once eligibility criteria have been applied.

**Table 1: Applicant Pool of 10 Campuses**

Campus Name	Criteria 1: Average TAKS Passing Rate for Students in Grades 7 and 8 for 2006–2007, 2007–2008, 2008–2009	Criteria 2: Number of Students in Grades 6, 7, and 8 or Grades 7 and 8	Criteria 3: Average Rate of Improvement for Grades 7 and 8 TAKS Math Passing Rate for 2006–2007, 2007–2008, 2008–2009
Campus A	56.78%	805	4.59 percentage points
Campus B	58.13%	96	6.82 percentage points
Campus C	61.60%	516	5.34 percentage points
Campus D	60.64%	395	–3.16 percentage points
Campus E	64.21%	975	–3.59 percentage points
Campus F	45.54%	378	7.12 percentage points
Campus G	46.00%	525	10.11 percentage points
Campus H	54.44%	40	1.85 percentage points
Campus I	62.06%	864	8.70 percentage points
Campus J	59.96%	902	5.48 percentage points

**Table 2: Applicant Pool in Rank Order**

Rank	Campus Name	Criteria 1: Average TAKS Passing Rate for Students in Grades 7 and 8 for 2006–2007, 2007–2008, 2008–2009	Criteria 2: Number of Students in Grades 6, 7, and 8 or Grades 7 and 8	Criteria 3: Average Rate of Improvement for Grades 7 and 8 TAKS Math Passing Rate for 2006–2007, 2007–2008, 2008–2009
1	Campus G	46%	525	10.11 percentage points
2	Campus J	59.96%	902	5.48 percentage points
3	Campus C	61.60%	516	5.34 percentage points
4	Campus I	62.06%	864	8.70 percentage points
5	Campus A	56.78%	805	4.59 percentage points
6	Campus E	64.21%	975	-3.59 percentage points
7	Campus F	45.54%	378	7.12 percentage points
8	Campus B	58.13%	96	6.82 percentage points
9	Campus H	54.44%	40	1.85 percentage points
10	Campus D	60.64%	395	-3.16 percentage points

### Review Criteria for Competitive Grants

Each competitive application is reviewed to determine the capability of the applicant to implement its proposed program. To be considered for funding, applicants for competitive grants and continuation grants that have previously received discretionary grants from TEA must have a positive record in successfully managing programs. A positive record includes being in compliance with all requirements and conditions of those grants, including financial management requirements, and implementing the grant programs according to the timelines and descriptions proposed in the grant applications.

To be eligible to be considered for funding, the applicant (i.e., school district, ESC, or open-enrollment charter school) must have submitted the required annual financial report for the prior fiscal year(s) to the TEA Division of Financial Audits.

To be eligible to receive a NOGA, approved application, and subsequent funding, applicants must not be on warrant hold by the Texas Comptroller of Public Accounts, and must not owe TEA an outstanding refund for any discretionary grant.

All nonprofit and for-profit awardees (if eligible applicants) must demonstrate financial stability and the capability to comply with the federal financial management and accounting standards. TEA reserves the right to conduct a pre-award audit to confirm financial stability and to confirm the organization's capability to comply with the federal financial management and accounting standards for grants before issuing the NOGA.

TEA will not award a discretionary competitive grant (or continuation grant that was originally competitive) to an entity that cannot demonstrate financial stability at the time the application is

submitted to TEA. TEA will also not award a competitive grant (or continuation grant that was originally competitive) to a grantee that is identified by TEA as high-risk.

All statutory components of an application must be addressed before it will be considered for funding.

### Specific Review Criteria

In reviewing the information submitted in the application and in recommending applications for funding, TEA staff will consider criteria as listed in *Application Guidelines—Part 1: General and Fiscal Guidelines*. In addition, the TEA may elect to consider any grant-specific criteria identified in the corresponding section of *Application Guidelines—Part 2: Program Guidelines*.

## Selection of Competitive Applications for Funding

Awards are contingent upon availability of funds. Grant awards are made starting with the highest-ranking application and continue down the ranked list until funds are exhausted.

It is important that a diversity of students and districts be represented in the operation of these programs. Therefore, after all applications have received a final ranking, additional factors may be considered before selection of the programs recommended for funding.

In general, projects are selected to establish programs that accomplish the following:

- Meet the intent and purposes of the authorizing statute
- Are cost-effective (i.e., total grant amount divided by total number of students served equals cost per student)
- May be replicable in districts with similar demographics
- Are diverse with respect to size of districts (i.e., small, medium, and large district enrollment)
- Are diverse with respect to geographic location in Texas (i.e., ESC region or quadrant of the state)
- Demonstrate greatest need
- Meet any additional criteria identified in *Application Guidelines—Part 2: Program Guidelines*

To ensure applications most advantageous to the project are selected for funding, the order in which applications are ranked may be changed to fund projects that represent a greater diversity of students and districts in the operation of these programs.

## Required Programmatic Reports

This section describes the required programmatic reports.

### Activity/Progress Reports

The applicant agrees to submit written progress reports during the project in the format specified by TEA. Each progress report is due to TEA within 15 days after the close of the reporting period. These reports are used by the project administrator to determine if modifications or adjustments to the program are indicated. Refer to *Application Guidelines—Part 2: Program Guidelines* for due dates of program progress reports.

## **Final Evaluation Report**

The applicant agrees to provide a final evaluation report in the format requested by TEA to TEA within 30 days after the end of the project. The grantee is not in compliance with grant conditions and requirements until such time as this report is received by the TEA Program Manager. Final payment may be withheld pending receipt of the report. Eligibility of grantee to receive future grants, including continuation grants, from TEA may be impacted by such noncompliance.

Upon receipt of the written final expenditure report and other required documents, such as the final evaluation report, TEA enters the final cumulative expenditures and makes the final payment to the grantee.

# Fiscal Guidelines

## Coordination with the Business/Accounting Office and Financial Management

Be sure to follow these guidelines for coordination with the Business/Accounting office and for financial management:

- To ensure compliance with required accounting procedures, all applicants are strongly encouraged to consult with their business office about assignment of budgeted items to the proper class-object codes *before submitting the application*. Advance coordination with the business office will expedite negotiation and processing of the application and may assist in avoiding audit exceptions for the grantee.
- The applicant's financial management system must meet federal financial management standards and must provide for accurate, current, and complete disclosure of the financial results of each grant project. The financial management system records must adequately identify the funding source and use of funds and must contain information pertaining to grant awards, authorizations, obligations, unobligated balances, assets, outlays (expenditures), income, and interest. [34 CFR 80.20]
- Fiscal control and accounting procedures must permit the tracing of funds to a level of expenditure adequate to establish that funds have been used in accordance with the approved grant application. The applicant must maintain effective control over and accountability for all funds, property, and other assets.
- Budgeted expenditures are shown by class-object code. School districts, open-enrollment charter schools and ESCs are required to maintain records on all expenditures by budget function, class-object code, and year of entitlement (appropriation), in accordance with the provisions of the *Financial Accountability System Resource Guide*.
- All nonprofit and for-profit awardees (if eligible applicants) must demonstrate financial stability and the capability to comply with federal financial management and accounting standards. TEA reserves the right to conduct a pre-award audit or post-award audit to determine if a grantee maintains a proper financial management system and to deny or terminate the award if it is determined that the grantee does not maintain a proper financial management system.

## Financial Accounting System

Pursuant to *Education Department General Administrative Regulations (EDGAR) 34 CFR 80.20* and *Financial Accounting System Resource Guide (FASRG)*, TEA will verify whether grantees that are school districts or charter schools use a software application capable of providing adequate financial accounting to administer TEA grant funds.

Adequacy of grantees' financial-accounting-system software application is determined by whether the software application has the ability to do all of the following:

- Accommodate the minimum 15-digit account code mandated by the FASRG
- Generate information needed for Public Education Information Management System (PEIMS) reporting

- Ensure adequate accountability of state and federal funds

All other grantees must have a financial accounting system that meets the standards specified [Coordination with the Business/Accounting Office and Financial Management](#) in accordance with 34 CFR 80.20.

## Use of Funds/Reasonable and Necessary Costs

Funds requested must be only for those items that are *reasonable* and *necessary* for accomplishing the objectives of the program and for implementing activities as described in the application. All costs must be budgeted in the approved application to be eligible to be charged to the grant.

### Definitions of Reasonable and Necessary

*Reasonable* costs are consistent with prudent business practice and comparable to current market value. *Necessary* costs are essential to accomplish the objectives of the project. All items requested must be allowable expenditures under the authorizing program statutes, regulations, and rules. All goods must be received and all services must be provided or delivered in time to substantially benefit the population being served in the current grant period and in no case after the ending date of the grant. In most instances, goods or services delivered near the end of the grant period are viewed by TEA as not necessary to accomplish the objectives of the current grant program and TEA may disallow the expenditures.

In general, the budget forms must evidence the following:

- Project costs are reasonable in relation to expected outcomes:
  - The amount requested would realistically be expected to have an impact on the stated needs.
  - The expected outcomes are sufficient to justify the amounts requested.
- The program identifies and coordinates funding from several sources
- All expenditures are pertinent to and appropriate for the objectives and activities stated.

### Reasonable Costs

Determine the *reasonableness* of a cost by considering whether it meets the following:

- The cost is of a type generally recognized as ordinary and necessary for the operation of the organization or grant performance
- Restrictions or requirements are imposed for generally accepted, sound business practices, arms-length bargaining, federal or state laws and regulations, grant award terms, and conditions.
- Individuals acted with prudence in the circumstances of responsibility to the organization, its members, employees, clients, the public, and federal or state government.
- There are no significant deviations from established practices of the organization that may unjustifiably increase grant costs.

### Allowable Costs

To be allowable to be charged to a grant, costs must meet the following criteria:

- Be reasonable for the performance of the grant and be allocable under the applicable cost principles
- Conform to limitations or exclusions set forth in applicable cost principles or the grant agreement as to types or amount of costs
- Be consistent with policies and procedures that apply uniformly to federal- or state-funded activities and activities funded from other sources
- Be accorded consistent treatment among all grant programs, regardless of funding source
- Be determined in accordance with generally accepted accounting principles (GAAP)
- Not be included as a cost or used to meet cost-sharing or matching requirements of any other federally or state funded program in the current or a prior period
- Not be used for lease-purchases (i.e., debt service) if for discretionary grants

Refer to Part 2: Program Guidelines for additional guidance pertaining to allowable and unallowable costs.

## Allocable Costs

The following guidelines apply to allocable costs:

- A cost is allocable to a particular grant in accordance with the relative benefits received if it is treated consistently with other costs incurred for the same purposes in like circumstances and if it meets the following:
  - is incurred specifically for the grant
  - benefits both the grant and other work and can be distributed in reasonable proportion to the benefits received
- Any cost allocable to a particular grant or other cost objective may not be shifted to other federal awards (or state awards, if state-funded) to overcome funding deficiencies or to avoid restrictions imposed by law or by the terms of the grant award.

Consult the form and instructions for **Schedule #6—Provisions and Assurances** to determine the applicable cost principles and the document *General Guidelines Applicable to All Cost Principles* to determine allowability of certain costs. Always consult the original applicable circular pertaining to cost principles for the full text. Applicable Office of Management and Budget (OMB) Cost Principle Circulars include the following:

- OMB Circular A-87: State, Local, and Indian Tribal Governments, including school districts, ESCs, and open-enrollment charter schools operated by a state or local government  
<http://www.whitehouse.gov/omb/circulars/a087/a087-all.html>
- OMB Circular A-21: Educational Institutions (i.e., Institutions of Higher Education), including open enrollment charter schools operated by an institution of higher education  
<http://www.whitehouse.gov/omb/circulars/a021/a021.html>
- OMB Circular A-122: Nonprofit Organizations, including open-enrollment charter schools operated by a nonprofit organization  
<http://www.whitehouse.gov/omb/circulars/a122/a122.html>

## Obligation of Funds

The following guidelines apply to obligation of funds:

- All encumbrances, expenditures, and obligations of funds for this program must occur on or after the effective date of the application (the date the application was received in the respective TEA division or the DCC, or the first day of the grant availability period, whichever is later) and within the grant beginning and ending dates listed on the NOGA. All goods must be received and all services must be rendered between the beginning and ending dates of the project as specified in the “Project Period” section in *Application Guidelines—Part 2: Program Guidelines*. The terms *encumbrance*, *accounts payable*, and *expenditure*, as with all other project accounting terms, are as defined in the *Financial Accountability System Resource Guide*.
- All obligations of grant funds must occur between the beginning date and ending date of the grant, as stated on the NOGA. Grant funds may not be obligated before the starting date of the grant. An obligation occurs depending upon the expenditure, as follows:
  - Services by an employee: when the services are performed by the employee
  - Services by a contractor: the date of a binding written commitment, such as a contract or other written agreement, to obtain services from the contractor
  - Utility services: when the services are received
  - Travel: when the travel is actually taken
  - Rental or lease of property: when the property is actually used or occupied
  - Real or personal property (including purchase of supplies and equipment): the date of a binding written commitment, such as a purchase order, invoice, or receipt, to acquire the property

All *services* must be rendered between the beginning and ending dates of the grant. All travel must occur by the ending date of the grant. All *materials and equipment* must be delivered before the ending date of the grant and must be ordered and delivered in time to substantially benefit the current grant period and in no case after the ending date of the grant. In most instances, goods or services delivered near the end of the grant period are viewed by TEA as not necessary to accomplish the objectives of the current grant program and TEA may disallow the expenditures.

- Funds granted through this project must be used for those purposes described in the “Program Purpose, Goals, and Description” and “Project Requirements” sections of Part 2 of the application. Applicants may elect to use additional resources and other sources of financial support to help maximize the effectiveness of the project goals and objectives.
- The applicant must commence and perform project activities according to the timelines described in the application. Failure to do so may result in reduction and reallocation of funds.
- Project funding is based on appropriation by the authorized governmental body and on general budget approval by the commissioner of education, the state legislature or U. S. Congress, as applicable.

## Expenditure Reports

The following guidelines apply to expenditure reports:

- Grantees in good standing may report expenditures at any time to receive payment, as long as the request for cash does not exceed three days' cash needs pursuant to cash-management requirements. (See [Cash Management](#) in these guidelines.) Discretionary grantees must record expenditures in the automated expenditure-reporting (ER) system at least semi-annually (i.e., once every six months) or as specified in the applicable Program Guidelines; however, grantees are encouraged to draw down funds at least monthly to avoid the impression by TEA that grant activities and expenditures are not occurring.
- For expenditures reported by class-object code, TEA will deny any expenditure report as follows: where the grantee is claiming expenditures in a class-object code not budgeted in the approved application, where the amount claimed is in a class-object code that exceeds the allowable budget variation for that object/code, or where the total amount exceeds the total amount of the grant.
- Semi-annual and other interim expenditure reports must be filed in ER within 15 days after the end of each reporting period. Grantees are required to adhere to the expenditure report due dates, including submission of expenditure reports showing \$0.00 expended, if that is the case for that reporting period.
- Final Expenditure Report: The final expenditure report must be filed in ER within 30 days after the ending date of the grant (refer to *Application Guidelines—Part 2: Program Guidelines*). Final payment is contingent upon receipt of the final expenditure report and all required programmatic reports or documents. TEA reserves the right to withhold a portion of the final payment pending receipt of the required reports.
- Grantees *reporting by class/object code in ER* will enter 100% of the final cumulative expenditures in ER. However, only 90% of final expenditures will be paid to the grantee pending verification that the TEA program division has received the final program evaluation report. Upon TEA's receipt of the final program evaluation report, the ER system will automatically generate the final 10% payment to the grantee.
- The total project cumulative costs of the grant as provided on the final expenditure report should equal and may in no case exceed the total cumulative expenditures recorded in the financial accounting records of the grantee organization.
- If cost share or matching is required in accordance with Part 2: Program Guidelines, the grantee must report the total cost share or match expended on the final expenditure report. The grantee is reimbursed only for that portion or percentage of grant funds that meets cost-share or match requirements.
- If the final expenditure report indicates a refund is due to TEA, within 15 days of notification that a refund is due, the grantee must submit a refund check to the following address:

Texas Education Agency—MSC  
P. O. Box 13717  
Austin, TX 78711-3717

Write the name of the grant program and the NOGA ID number on the refund check.

- Revised Final Expenditure Report Claiming Additional Expenditures: If the grantee finds it necessary to submit a revised final expenditure report, any such revised Final Expenditure Report claiming expenditures greater than the amount initially reported must be filed in ER within 30 days of the ending date of the grant. Any such *revised* Final Expenditure Report received *after that date*, where the grantee is claiming expenditures *greater than* the amount initially reported in the final report, *will not be approved, processed, or paid by TEA*.

- Any *Revised Final Expenditure Reports* claiming expenditures *less than* the amount initially reported must be filed in ER as soon as it is determined expenditures were less. Refunds must be submitted within 15 days of receipt of notification that refund is due.

## Requesting Payments through ER

Follow these guidelines when requesting payments through ER:

- Grantees in good standing are required to use ER to record expenditures and request payment.
- To access the ER system, all individuals reporting and certifying expenditures are required to have an individual TEA SE username and password. For security purposes, the TEA SE username and password is not to be shared with any other user. Each user will have a unique username and password.
- If you have not yet applied for a TEA SE username and password, access the following Web link to find the form and instructions for applying for a username:  
[http://ritter.tea.state.tx.us/forms/tease/er\\_ext.htm](http://ritter.tea.state.tx.us/forms/tease/er_ext.htm)  
The username and password will be e-mailed to you.
- You may access ER in one of four ways.
  - Type <http://ritter.tea.state.tx.us/opge/grantdev/er.html> in your web browser. Click on **Enter Web ER**, which will take you to the TEA SE logon screen.
  - From the TEA homepage (<http://ritter.tea.state.tx.us>), click on **Grants and Program Evaluation** in the left column. Scroll down to click on the **Grant Expenditure Reporting (ER)** link. Then, click on **Enter Web ER**, which will take you to the TEA SE logon screen.
  - Type <http://seguin.tea.state.tx.us/apps/logon.asp> in your web browser.
  - From the TEA homepage (<http://ritter.tea.state.tx.us>), click on **Grants and Program Evaluation** in the left column. Scroll down to click on the **TEA Grant Opportunities** link. In the **General Resources** box, click on **Grant Expenditure Reporting (ER) System Information**. This will transport you to the ER page. Then, click on **Enter Web ER**, which will take you to the TEA SE logon screen.

In all four cases, you will be directed to the TEA SE logon screen. Enter your TEA SE username and password and click the **Continue** button. Then click on **Expenditure Reporting** from the application list.

- Grantees may enter cumulative expenditures into the ER system up to 30 days following the ending date of the grant.
- Revised Final Expenditure Report: Grantees will have access to the Expenditure Reporting system to record additional expenditures and request payment for 60 days following the ending date of the grant if such total cumulative expenditures need to be revised. On the 61st day, grantees will not have access to ER to request additional funds. Grantees will only have access to ER to record refunds to the grant by reducing cumulative expenditures. TEA will not process, approve, or pay any requests for additional funds beyond 60 days after the ending date of the grant.
- When reporting expenditures by class-object code, TEA will automatically deny any expenditure report *as follows*:

- Where the grantee is claiming expenditures in a class-object code not budgeted in the approved application
- When the amount claimed is in a class-object code that exceeds the allowable budget variation for that object/code
- When the total amount exceeds the total amount of the grant.
- Grantees are strongly encouraged to request payment for legitimate expenditures regularly to avoid the impression that funds are not being spent or that activities are not being carried out according to the established timelines, provided such payments conform to the rules pertaining to cash management.
- TEA reserves the right to require supporting documentation (i.e., accounting ledger) that lists the individual expenditures by object code, as well as invoices, receipts, travel vouchers, etc., for expenditures at any time during or after the grant period for as long as the records are retained according to requirements for record retention. The grantee will be required to reimburse any expenditures that are unsupported by appropriate documentation or found to be unallowable under the grant. Depending upon the severity of noncompliance with allowable cost principles, TEA may impose certain sanctions, up to and including termination of the grant and refund of all unallowable costs.

## Cash Management

Administrative requirements for grants stipulate that grantees must request cash as close as possible to the time of making disbursements. Grantees should not have more cash on hand than is necessary to meet three days' cash needs. Therefore, grantees should request only that amount that will be paid out within three business days once the payment is received from TEA.

Payments through ER should be deposited into your depository bank by the State Comptroller's Office within six to seven business days of the request (provided the request does not exceed the established threshold and there are no other complications with the automated system). Therefore, grantees must request cash no earlier than six working days before actual disbursement of funds. Cash-management procedures are monitored during on-site monitoring visits.

## Thresholds

Thresholds are established for each grant program to allow for the automatic approval of payments as long as the payments are within established thresholds. The system automatically forwards any request for payment that exceeds these thresholds to TEA staff for review and approval. TEA staff will consider each such request on a case-by-case basis.

Payment requests in ER exceeding the established threshold require manual approval by TEA. TEA reserves the right to request documentation to support the request to exceed the threshold. If TEA does not receive the requested documentation to justify exceeding the threshold within three business days, the request for payment is purged from the automated system.

## Audit Reports

The following guidelines apply to audit reports:

- Grantees that are public-school districts, regional education service centers (ESCs), and open-enrollment charter schools agree to submit the required annual audit report to the TEA Division of Financial Audits in the time and manner requested by the Agency. Such

audit report shall include the reporting package required under OMB Circular A-133 (<http://whitehouse.gov/omb/circulars/a133.html>) if an audit is required in accordance with OMB Circular A-133.

- Grantees that are nonprofit organizations (other than charter schools) and universities or colleges and that expend \$500,000 or more total in federal awards in any fiscal year are required to conduct a Single Audit or program-specific audit in accordance with the requirements in OMB Circular A-133 (under the Single Audit Act). Grantees must report audit findings as follows:
  - If the schedule of findings and questioned costs discloses audit findings relating to any federal awards provided by TEA, the grantee must submit a copy of such audit to TEA.
  - If the summary schedule of prior audit findings reports the status of any audit findings relating to any federal awards provided by TEA, a copy of such audit shall also be submitted to TEA.
  - If the schedule of findings and questioned costs discloses no audit findings related to any federal awards provided by TEA, or the summary schedule of prior audit findings does not report on the status of any prior audit findings related to any federal awards provided by TEA, written notification shall be provided to TEA that an audit was conducted in accordance with OMB Circular A-133.
- Submission of A-133 Audit Reports to TEA: Nonprofit organizations (other than charter schools) and universities/colleges shall submit the Single Audit report to the TEA Division of Financial Audits. Audit reports must be submitted to TEA within 30 days of receipt of the report from the auditor. Failure to submit a copy of the audit to TEA could result in a reduction of funds paid to the grantee, a refund to TEA, termination of the grant, and/or ineligibility to receive additional grant awards from TEA.
- All grantee organizations other than school districts, ESCs, and open enrollment charter schools that were not required to have a Single Audit conducted under the Single Audit Act (OMB Circular A-133) must submit a copy of the complete annual audit to the TEA Division of Financial Audits within 30 days of the receipt of the report from the auditor.

## Amendments

If selected for funding, grantees must submit amendments to the approved application in accordance with the instructions for submitting amendments. All amendments must be submitted to the TEA DCC. The last day to submit an amendment to TEA is *90 days prior to the ending date of the grant*. TEA will not process or approve an amendment received after that date.