TEA is pleased to inform you that your application has been preliminarily selected to receive an award for the **Principal Residency Grant, Cycle 5** The preliminary selection was made after evaluation by agency staff.

Immediate Action Required
1. Please reply to this email to confirm you have received it.
2. Read this notice in its entirety.
3. TEA will reach out to you through a separate email within the next few days regarding programmatic and/or fiscal changes needed in your application. It is imperative that you follow the next steps and timelines in that email to remain eligible for grant funding and approval. See the Confirmation and Negotiation section below for more information.

Confirmation and Negotiations
Agency staff will thoroughly review each application to confirm that it is compliant with all applicable rules and regulations and that the identified program goals and activities meet the intent of the Request for Application (RFA). Once it is determined that the application is indeed eligible to be funded, agency staff may contact the designated program contact person to negotiate necessary fiscal and programmatic changes to the application. Agency staff will review the budget and activities to determine if the requested amounts are allowable, reasonable, and necessary to meet the intent of the RFA. Budgeted costs determined by TEA to be unallowable, unreasonable, and unnecessary will be removed from the application during the negotiation phase.

If it is determined during the negotiation process that the application is not eligible to be funded, you will be notified of the ineligibility for funding. TEA will not be responsible for paying for any expenditure incurred by the applicant.

Funding Amounts and Reimbursements
Please be advised that grantees may not always receive the amount requested in the original application because of revisions made during negotiations and changes to the total amount of funding available. Grantees are responsible for ensuring that any expenditures paid prior to the conclusion of the negotiation process are allowable under the terms and conditions of the grant program. TEA will not make reimbursements for any activities or line items deleted during negotiations. Any refunds incurred while negotiations are ongoing must be paid before the remainder of the grant award is released. These expenses must be paid from other sources. TEA does not give verbal approval for any activities or expenditures.

Notice of Grant Award (NOGA)
New 'Print NOGA' feature in the Expenditure Reporting (ER) System
Copies of the NOGA are no longer attached to notices. A new 'Print NOGA' button is available in the ER system to print/view a copy of the Notice of Grant Award (NOGA). Please log on to the ER system to print your award NOGA. Please see below for information on accessing the ER system.

Conditions and requirements of the original SAS and project guidelines remain in effect and are incorporated by reference. All expenditures must occur between the beginning and ending dates on the NOGA. All goods and services purchased with grant funds must be received in time to substantially benefit the project and intended beneficiaries during the grant period for which the funds were awarded.

Thank you for your important efforts for the school kids of Texas. We look forward to working with you during the coming year.

If you have any questions regarding this matter, please contact Competitive Grants at competitivegrants@tea.texas.gov.

ER System information - https://tea.texas.gov/finance-and-grants/grants/grants-administration/expenditure-reporting

Project Period
The project period for the above-mentioned grant is stated on your NOGA. All encumbrances and obligations must occur on or between the beginning and ending dates of the subaward unless pre-award costs are expressly permitted for the individual grant program.

In general, goods or services delivered near the end of the grant period may be viewed by TEA as not necessary to accomplish the objectives of the current grant program; however, TEA will evaluate such expenditures on a case-by-case basis. A TEA monitor or an auditor may disallow those expenditures if the subgrantee is unable to:
1. document the need for the expenditures
2. demonstrate that program beneficiaries receive benefit from the late expenditures, or
3. negate the appearance of "stockpiling" supplies or equipment.

The subrecipient must receive the benefit and liquidate (record as an expenditure) all obligations incurred under the subaward no later than the revised final expenditure report due date. An encumbrance cannot be considered an expenditure or accounts payable until the goods have been received and the services have been rendered. Obligations that are liquidated and recognized as expenditures must meet the allowable cost principles in 2 CFR Part 200 of EDGAR (as applicable) and

program rules, regulations, and guidelines contained elsewhere. This provision applies to all grant programs, including state and federal, discretionary and formula.

Fingerprinting Requirement

Per Section 22.0834 of the Texas Education Code (TEC), any person offered employment by any entity that contracts with TEA or receives grant funds administered by TEA (i.e., a subgrantee or a contractor of the subgrantee) is subject to the fingerprinting requirement. TEA is prohibited from awarding grant funds to any entity, including nonprofit organizations, that fails to comply with this requirement. For details, refer to the General and Fiscal Guidelines, Fingerprinting Requirement.

Amendments

If the subgrantee needs to amend the application to request authorization for changes that require
approval, the subgrantee must obtain approval from TEA by submitting an amendment prior to the date the subgrantee encumbers such funds and/or such services are rendered. Refer to the "When to Amend the Application" document posted in the Amendment Submission Guidance section of the
Administering a Grant page. An amendment is effective on the day it is received by TEA in substantially approvable form yet is subject to negotiation. The last day to submit an amendment to TEA is stated on the TEA Grant Opportunities page.

25% Budget Variation Cannot Be Exceeded

A budget amendment is required when cumulative transfers among direct cost categories exceed or are expected to exceed 25% of the *total current approved budget.* A subgrantee may transfer funds among existing budgeted categories without submitting an amendment as long as the total amount of funds transferred is 25% or less of the total current approved budget. This provision does not allow for the purchase of additional units of equipment, but it does allow for the purchase of previously approved items that cost more than budgeted amounts. The total expenditures for programs budgeted cannot exceed the total amount approved for each program budget.

Cash Management Requirements

The subgrantee must account for and expend federal funds in accordance with federal statute, state laws, and the terms and conditions of the award. There are two methods available to a subgrantee to request payments. These include: reimbursement and cash advances.

- Reimbursement: In a reimbursement method, a subgrantee draws down funds from the ER system after the subgrantee has already paid the funds. In an effort to allow subgrantees with additional flexibility, TEA has defined reimbursement as drawing down funds on, or after, the day the subgrantee has mailed, delivered, or submitted an electronic payment. For audit purposes, the subgrantee must track the date it mailed, delivered, or submitted an electronic payment as proof for reimbursement method. Under the reimbursement method, a subgrantee is not required to deposit funds in an interest-bearing account.
- Cash Advance: Under the cash advance method, a subgrantee draws down funds in advance of when the funds will be paid out. The use of this payment method requires the subgrantee to have written procedures that minimizes the time elapsing between when the subgrantee requests a draw down and when the subgrantee will issue the payment for the program purpose.

Requesting Payment through the Expenditure Reporting (ER) System

Subgrantees in good standing are required to use the ER system to record expenditures and request payment. Subgrantees may generally enter total expenditures by class/object code into the ER system up to 30 days following the ending date of the grant. The subrecipient is responsible for ensuring the Grantee Manager and/or Grantee Official, or such person using the Grantee Manager or Grantee Official's credentials, has been authorized by the subrecipient organization to enter the organization into legally binding agreements for grant payment purposes prior to the Grantee Manager or Grantee Official certifying and submitting expenditure payment requests in the ER system. This authorized official must certify each request for payment as described in 2 CFR §200.415.

Accessing ER

To access ER, all individuals reporting and certifying expenditures are required to have a TEA Login (TEAL) account and access to the ER application. For security purposes, the TEAL username and password are not to be shared with any other user. The ER system is designed to accommodate a segregation of duties between the staff member who enters the drawdown into the ER system and the authorized official who certifies and submits the request. Failure to have such segregation of duties could be a sign of insufficient internal controls indicating risk of inadequate fund management. TEA strongly recommends the segregation of duties and may impose additional specific conditions on subgrant awards when risk is identified.

If you do not have access to TEAL, you must request a user ID. On the TEA Login (TEAL) screen, click Request New User Account and complete the steps provided. A username and temporary password will be emailed to you, so you can logon and finalize your account. Once your TEAL account is finalized, you will logon to TEAL, click on My Application Accounts, and follow the instructions to request access to the Expenditure Reporting application.

If you already have a TEAL account and access to ER, login directly to TEAL. In your list of applications, look for the Expenditure Reporting heading and click on your role/link, under the heading, to access the ER system.

Documentation of Expenditures
For any payment request in ER, TEA reserves the right to request additional supporting documentation including but not limited to the general ledger, payroll ledger, and copies of payroll checks, invoices, receipts, and travel vouchers before authorizing payment. TEA may request you to upload any such document to your payment request in ER. Payment will not be approved or processed until the requested documentation is received and determined to be allowable under the grant.

Expenditure Reporting by Class/Object Code in ER
Expenditures must be reported in the ER system by class/object code. TEA implements this process to demonstrate compliance with federal monitoring expectations/auditing standards and to mitigate the need for subgrantees that are not identified as high-risk by TEA to submit supporting expenditure documentation for payment requests that exceed grant threshold requirements. High-risk subgrantees are required to submit requested supporting documentation to TEA.

Advance payments must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements for direct program or project costs and the proportionate share of any allowable indirect costs.

Subgrantees must have written procedures and internal controls for cash management to ensure that only the actual amount of cash needed will be requested, and that the cash received will be paid out. Procedures should show that the subgrantee plans carefully for cash flows for grant projects and reviews cash requirements before each request for payment. Cash management procedures are monitored during monitoring visits and during the annual independent audit.

With any issues or questions related to the programmatic aspects of the grant, please contact the program contact as listed on the TEA Grant Opportunities page.

In addition, the ER system has various system criteria that allow TEA staff to monitor requests for payment. If a draw down request violates an ER system criterion or is randomly selected for monitoring, TEA staff will manually review the draw down request and contact the subgrantee for a narrative payment justification. Payments that do not violate thresholds and/or ER system criteria will be approved automatically.

Due Date of Expenditure Report
The deadline for reporting total final expenditures by class/object code is stated on the TEA Grant Opportunities page.

Refunds for Excess Payments
All refunds for excess payments received (*not for interest earned on federal funds)* must be submitted to:
   Texas Education Agency—MSC
   P. O. Box 13717
   Austin TX 78711-3717
Write the name of the grant program, NOGA ID number, and reason for refund ID on the refund check.

The refund will be credited to the NOGA ID from which the excess funds were drawn down.
   Reason for Refund
- R.1. Correction of an administrative error
- R.2. Correction of an unallowable cost
- R.3. Correction for a cost incurred outside the period of availability
- R.4. Return of funds associated with an excessive drawdown
- R.5. Return of funds associated with termination (voluntary or involuntary)
- R.6. Return associated with a failure to meet maintenance of effort
- R.7. Other *(provide brief explanation on separate page)*

For Assistance
For funding information, please visit the TEA Grant Opportunities page. If you have any other questions submit them through the TEA Help Desk.

Denial of Expenditure Reports
When reporting expenditures by class/object code, the ER system will not permit the subgrantee to submit an expenditure report with the following criteria:
- Where the subgrantee is claiming expenditures in a class/object code not budgeted in

   the approved application
- When the total amount exceeds the total amount of the grant

ER Requests Requiring Manual Review and Approval

Thresholds are established for each grant program to allow for the automatic approval of payments as long as the payments are within the established thresholds. The ER system will automatically forward any request for payment that exceeds the established thresholds to TEA staff for review and approval.

TEA staff will consider each request to exceed the established thresholds on a case-by-case basis.

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