



TEXAS COUNCIL *for*
DEVELOPMENTAL
DISABILITIES

Grants Manual

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Chapter 1 – Introduction to TCDD

TCDD Mission

The mission of the Texas Council for Development Disabilities is to create change so that all people with disabilities are fully included in their communities and exercise control over their own lives.

The Texas Council for Developmental Disabilities (TCDD)

The Texas Council for Developmental Disabilities (TCDD) is established and funded pursuant to the US Department of Health and Human Services, Administration on Intellectual and Developmental Disabilities (AIDD) Developmental Disabilities Assistance and Bill of Rights Act of 2000. State and Federal law created TCDD to promote a comprehensive system of supports to assist individuals with developmental disabilities (DD) to be independent, productive, and fully included in the community of their choice.

Federal Definition of Developmental Disability

A developmental disability is defined by federal statute as:

- A. IN GENERAL. The term “developmental disability” means a severe, chronic disability of an individual that.
 - i. is attributable to a mental or physical impairment or combination of mental and physical impairments;
 - ii. is manifested before the individual attains age 22;
 - iii. is likely to continue indefinitely;
 - iv. results in substantial functional limitations in 3 or more of the following areas of major life activity:
 1. Self-care.
 2. Receptive and expressive language.
 3. Learning.
 4. Mobility.
 5. Self-direction.
 6. Capacity for independent living.
 7. Economic self-sufficiency; and
 8. Reflects the individual’s need for a combination and sequence of special, interdisciplinary, or generic services, individualized supports, or other forms of assistance that are of lifelong or extended duration and are individually planned and coordinated.

- B. INFANTS AND YOUNG CHILDREN. - An individual from birth to age 9, inclusive, who has a substantial developmental delay or specific congenital or acquired condition, may be considered to have a developmental disability without meeting 3 or more of the criteria described in clauses (i) through (v) of subparagraph (A) if the individual, without services and supports, has a high probability of meeting those criteria later in life.

Purpose and Policy

The DD Act stipulates it is the policy of the United States that all programs, projects, and activities receiving assistance under the Act be carried out in a manner that promotes the ability of all individuals, including those with the most severe developmental disabilities to achieve independence, productivity, and integration and inclusion in their communities. With education and support, communities can be responsive to the needs of individuals with developmental disabilities and their families. Communities that support the full inclusion of individuals with developmental disabilities and their families are enriched. Services and supports are most successful when they are provided in an individualized manner, directed by the individual receiving services, in accordance with that person's culture and in a way that maximizes their individual strengths. In addition, specific efforts must be made to ensure that individuals from racial and ethnic minority backgrounds experience effective and meaningful opportunities for full participation in the developmental disabilities service system.

The Governor appoints members of the Council to direct and oversee the activities of the Council staff and to facilitate the distribution of Federal DD funds available to Texas. By Federal law, at least 60% of the members of the Council must be individuals with developmental disabilities, or family members of individuals with developmental disabilities. The remaining members are representatives from relevant State agencies and entities that administer funds provided under Federal laws related to people with Developmental Disabilities, and our DD Network Partners which include Disability Rights Texas (the state protection and advocacy organization), Center for Disability Studies at the University of Texas and the Center for Disability and Development at Texas A & M University.

State Plan Activities

The Council develops a five-year State Plan that guides the distribution of funds through advocacy, capacity building, and systemic change activities. The Developmental Disabilities Act requires TCDD to spend at least 70% of its available federal funds for state plan activities. The current Five-Year State Plan can be found on TCDD's website.

The Council determines the areas on which it wishes to focus through a planning process which takes into account, among other things, public input, the needs of geographic regions, the activities and initiatives of other agencies and organizations, past experience, and best practices. Project ideas are developed in response to the planning agenda, and grants are awarded through a competitive Request for Proposals (RFP) process that occurs several times per year. Grantees and contractors are expected to ensure that project activities are consistent with the RFP and the state plan goals,

outcomes, and policies of the Council. Grantees are asked to report activities, outcomes, and lessons learned to allow TCDD to report performance to AIDD, and to help inform future state plan goals and objectives. Council staff monitor for compliance and provide technical assistance to grantees. Grants are typically awarded for several years, although the Council's Executive Committee reviews the progress of each grant at least yearly and may determine to suspend or terminate a grant at any time in special circumstances (see Continuation, suspension, and termination sections of the Grants Manual)

The activities the Council may support include, but are not limited to:

- outreach activities,
- training for people who are individuals with developmental disabilities and/or their families and support personnel,
- technical assistance activities,
- activities to support and educate communities,
- interagency and collaborative activities,
- coordination with related councils, committees and programs,
- barrier elimination activities, system design and redesign activities,
- system design and redesign activities,
- coalition development activities,
- activities to inform policymakers, and
- activities to demonstrate new approaches to services and supports.

In addition, Federal law specifically states that the Council must also include in the State Plan a goal, for each year:

- to establish or strengthen a State self-advocacy organization led by people with developmental disabilities,
- to support opportunities for individuals with developmental disabilities who are considered leaders to provide leadership training to individuals with developmental disabilities, and
- to support and expand participation of individuals with developmental disabilities in cross-disability and culturally diverse leadership coalitions.

The Governor designated the Texas Education Agency (TEA) to receive, disburse and account for funds on behalf of TCDD and provide other administrative supports. TCDD has final approval over all grant project activities, budgets, and revisions.

Focus of Council Projects

The Council focuses its efforts on the needs of individuals with developmental disabilities. However, projects may benefit people with and without developmental disabilities. The primary goal of Council funded projects is to produce long-term changes in current systems of services and supports, rather than to provide direct services. However, the Council does fund projects which demonstrate new approaches that may impact the provision of direct services. These grants must document that the individuals receiving supports paid for by the Council have developmental disabilities as that term is defined in the Developmental Disabilities and Assistance Act of 2000 (*see previous section for federal definition*).

Funding

Funding is allocated annually to TCDD by the federal government to establish authority to distribute funds for grants. The U.S. Department of Health and Human Services, Administration on Intellectual and Developmental Disabilities is the source of funding for State Developmental Disabilities Councils.

Non- Supplantation of Funds

Funds and resources provided to the grantee under the terms of this grant may not be substituted for funds and resources from other sources, or in any way serve to reduce the resources, services or other benefits which would have been available to, or otherwise provided by the grantee according to law or contract had this grant not been executed.

Rights of Individuals with Developmental Disabilities

The DD Act, and by reference, Texas Human Resources Code, Sec. 112.002(b), includes specific sections related to the rights of individuals with disabilities. Grantees must assure compliance with each element of this law.

Process for Public Comment to Council

1. **Public Comments.** It is the policy of the Council that opportunities for public input be provided at each Council and Committee meeting as appropriate.
2. **Agendas.** The Chair of each Committee and of the Council shall ensure that the agenda for each regular Council meeting and Committee meetings allows an opportunity for the public to offer comments or questions to the Council or Committee.
3. **Sign-In.** Comment cards or sign-in sheets shall be made available for those persons wishing to make public comments.

4. Time Limit. The Council Chair and/or the Committee Chair shall accept public comments at the beginning of the meeting to exceed not more than three minutes per commenter unless otherwise deemed appropriate by the Chair.
5. Presentations. Individuals may request in writing to the Committee Chair or Council Chair to make a presentation to the Committee or Council at least ten days in advance of the meeting. For those presentations approved, the Committee Chair or Council Chair shall determine the appropriateness of the presentation and shall make a final decision. Those presentations approved shall be included on the Committee or Council meeting agenda.

Chapter 2 – Regulations and General Guidelines

Procedures, forms and instructions in the following sections help to provide internal control for project functions and assure reliability of records and reports to TCDD. All grant monitoring forms can be found on the TCDD Website.

The internal controls include:

- internal monitoring,
- fiscal/program coordination, and
- documentation.

Grantees are required to comply with federal regulations. TCDD staff monitor all grants for compliance, but the grantee is responsible for ensuring that federal regulations are followed. The purpose of this manual is to provide guidance to grantees for this activity.

Federal Regulations

This grant is subject to the requirements of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards under **Title 45 CFR Part 75**.

These requirements and additional terms and conditions that are applicable to this award can be found on the Administration for Community Living (ACL) website under the Funding Opportunities tab.

HHS terms and conditions can be found in Part II of the HHS Grants Policy Statement.

Additional resources include:

- Uniform Grant Management Standards
- Code of Federal Regulations
- State Procurement Guidelines per Designated State Agency

Assurances

Grantees are expected to comply with the assurances signed as part of the grant application at all times. Exceptions to these assurances can only be approved by the TCDD staff.

Internal Monitoring

Regular reviews must include comparisons of program status to work-plan timelines. Reviews of financial records must focus on reasonable and allowable match funds and rate of expenditures relative to the budget period.

Fiscal and Program Coordination

Delays or changes in project activities must be reported to TCDD staff as soon as the grantee recognizes that actual activities are not consistent with work plan activities. See Budget Revision and Program Revision form. TCDD recommends the following grantee staff maintain regular, coordinated control of project functions:

- Project Director and/or Coordinator,
- Financial Administrative Authority and/or project accountant, or
- other grantee decision-makers.

Documentation

Reports to TCDD must be supported by documentation in fiscal and program records. Grantees must maintain records of all activities and expenditures.

Project Reviews

TCDD staff will maintain contact during the project period. Although at least quarterly contacts will be made, project review is an ongoing process. All project records, personnel, and activities must be accessible to the reviewer. All project staff -- and persons impacted by the project, if applicable -- should be available to talk with the reviewer.

Desk Review *[previous Onsite Review section – amended 07/15/18]*

Desk reviews are implemented to objectively analyze grantee's efforts to meet the objectives of their project as well as fiscal management, procedural implementation and internal control systems. It is important that the grantee be aware of the regulations (UGMS and OMB New Circulars) and periodically review their organization, its policies and procedures, to comply with these guidelines.

As part of the Desk Review, TCDD staff will:

- Conduct an initial review of all financial requirements with the first Request for Advance or Reimbursement (RAR) submitted to TCDD.
- The organization is responsible for maintaining financial documentation, e.g. receipts, invoices, pay stubs, reimbursement forms, etc. that were submitted for all requested reimbursements.
- TCDD may conduct random financial review each month for line items that are in the approved budget for the project.
- TCDD may request any additional documentation for review that is pertinent to the project.

Grantees may be selected for additional on-site reviews under any of the following events (but not limited to):

- The independent audit report or internal control report reveal pertinent weaknesses;
- Independent audit requirements are not fully met;
- TCDD's risk assessment results in a high-risk ranking;
- A special review is suggested by other information that comes to the attention of TCDD's Grants Management.

ASSURANCES FROM GRANTEE

This desk review is intended to objectively analyze efforts in meeting the objectives of your project as well as your fiscal management, procedural implementation and internal control systems. It is important that our grantees be fully aware of federal funding regulations and that you periodically review your organization, its policies and procedures, and the scope and activities of the project relevant to these guidelines.

Items Required

1. Affirmative action and civil rights procedures have been developed.
2. Buildings used in connection with the delivery of services by the grantee meet the Architectural Barriers Act, 42 U.S.C. 4151-4157 and ADA Act Title II Regulations, Subpart D – Program Accessibility, Section 35.149.
3. Agency developed policies to assure compliance with federal regulations on the rights of individuals with developmental disabilities.
4. GRI (grant related income) questionnaire has been submitted selecting an alternative for expenditures of program income.
5. Written procedures for purchase/procurement of goods and services relating to procurement standards.
6. Personnel Activity Report (PAR) include a description of projected-related activities and/or services delivered that are maintained for all project personnel. (Grantee must have obtained written prior approval by TCDD for any alternative methods of documentation.)
7. There is evidence of the Organization Management System, as outlined in the workplan, which assures communication of project status, on a timely basis, between the Project Director, FAA, and other appropriate agency decision makers.
8. If the organization implements a Project Advisory Committee (PAC) for the TCDD project, there is written evidence of the members for this PAC and their role.
9. The Independent Audit Report.
10. There is evidence of adequate fiscal control procedures.
11. Verify use of accrual basis accounting (accounting systems) for project records and reporting.
12. Audit/accounting service fees are verifiable.
13. Grantee has a process and guidelines for dissemination (crediting for funding, disclaimer statement).
14. Personnel Files contain the required documentation.
15. Project related costs are documented using the travel log or a comparable document.

16. Insurance premiums (e.g., Workers Compensation, Health, Dental, Retirement, and other premiums) are verifiable, current budget period only.
17. Service agreement/contract are for the project contains all required language.
18. Photocopy records (or equivalent are maintained and reconciled by supervisory personnel in a timely manner.)
19. Equipment inventory is maintained.
20. A lease agreement for machines or space is leased for time-period within budget period.
21. Utility use/cost verifiable.
22. Evidence of match costs which are not part of Negotiated Indirect Cost Rate (NICR).
23. Evidence of interagency cooperation if stated in the workplan (e.g., letter of commitment/support).
24. Temporary services (e.g., interpreters) are documented and vouchered appropriately.
25. Advertising services are for staff recruiting only.

Quarterly Review

Contacts will be made at least quarterly with each grantee and will focus on project activities related to the work plan, (e.g., PAC meetings, training sessions, etc.). Contacts may include e-mail, teleconferences, etc. to review project accomplishments and management control systems, provide any needed technical assistance, and jointly discuss issues, barriers, and strategies to determine if grant activities are proceeding according to the work plan.

Documentation

All records on grant activities should be available to the reviewers. Documentation includes, but is not limited to the following:

- books, journals, ledgers, and all other documentation of expenditures,
- individual files,
- log of individuals receiving training or technical assistance,
- service schedules, logs and reports,
- personnel activity reports, time sheets,
- subcontracts,
- individual service plans,
- documentation of compliance with all assurances stated in grant application,
- documentation supporting project activities, and
- documentation of progress monitoring, (quarterly program performance reports, or semi-annual reports as determined by grants management staff)
- evaluations, surveys, etc. to document program performance outcomes required by AIDD.

Dissemination Guidelines

TCDD provides funding for model projects to enhance its ability to improve services and supports for persons with developmental disabilities. Through dissemination, a project may inform self-advocates, family members, policy makers, and may influence future service-delivery systems. Subject to TCDD approval, dissemination activities may be included in project objectives. TCDD may also request grantees to give reports or make special presentations related to the grant without additional compensation.

Methods of Dissemination

A wide variety of dissemination techniques may be considered to individualize each project. Project dissemination may relate to on-going activities, special reports, or a final report/package. Techniques for project dissemination include:

- a final (unpublished) report,
- brochures,
- project newsletter,
- press releases,
- professional papers delivered at statewide conferences,
- audio-visual presentations about the project at conferences, workshops or seminars,
- project displays/exhibits to promote public awareness and disseminate information about the project at professional, consumer or public meetings, seminars/workshops,
- training workshops and/or presentations at conferences to disseminate project findings on a local, regional or statewide basis,
- publication of final reports, articles, workshop presentations, and/or conference proceedings,
- technical assistance manuals, training modules (or instructor-free training manuals) as a guide to replication of the program model,
- electronic media and/or networks (e.g., social media, websites, electronic bulletin boards, teleconferences, video conferences, and other distance learning technologies)
- onsite visits of professional peers, and
- a list of project materials for publicizing through a general mailing list, newsletter, etc.

All grantees must follow the **TCDD Style Guide** in developing published materials.

Approval

Any presentations, publications or articles that are developed on the grant project require TCDD approval. Unless otherwise stated in the work plan, development of grant products must include a

timeline for TCDD staff approval prior to publication/printing. Grantee will submit copies of outlines, initial draft and final product to TCDD. Timeframes for review shall be negotiated with TCDD staff.

Credits

The grantee must credit TCDD in all publications, news releases, videos or other electronic dissemination of information about activities funded solely or in part by the current grant. See examples on TCDD website, Grants Forms.

- Printed publications
 - Credit shall appear on the inside or outside front cover of the report; whichever position best lends itself to the artwork.
- Articles (newspapers, newsletters, magazines, journals or books)
 - Emphasize to editors/reporters that acknowledgment of the funding agency be included.
- Federal Regulations provide that all materials describing projects funded with Federal money shall clearly state
 - Percentage of total costs of projects funded with Federal money,
 - Dollar amount of Federal funds for the project, and
 - Percentage and dollar amount of total costs of projects that are funded by non-governmental sources (contact TCDD staff for clarification of federal guidelines).

Copyrights

TCDD reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use, for federal or state government purposes. The grantee and any future assignee waive any rights to litigation against TCDD in copyright or patent for TCDD's legitimate use and/or distribution of the material based upon this irrevocable license.

- (a) the copyright in any work developed under a grant, subgrant, or contract; and
- (b) Any rights of copyright to which a grantee, subgrantee or a contractor purchases ownership with grant support.

Disclaimer

A disclaimer statement must be added whenever positions on issues are presented, for example:

“The views contained herein do not necessarily reflect the position or policy of the funding agency[s]. No official endorsement should be inferred.”

Confidentiality

Information about individuals served must be held confidential unless consent of the individuals, or their representatives, is on file. A sample release form may be found on the TCDD Website, Grants Forms. TCDD will maintain access to the information about individuals being served by grants.

People-First Terminology

All grant products must be developed using respectful language including “people-first” terminology. (See the TCDD Website, Publications Section)

Accessible Formats and Activities

TCDD may request grantees to provide grant products in accessible formats such as Brailing. Accessibility may also include Spanish translation for both materials and training activities to reduce linguistic barriers for individuals and families. Teleconference and distance learning must be fully accessible to all participants. TCDD policy requires that all video products produced on behalf of the TCDD be accessible.

Chapter 3 - Program Policies and Procedures

Project Advisory Committee *[Amended 07/15/18]*

In order to involve individuals with disabilities in the programs that serve them, TCDD grant projects have the option to establish and support a Project Advisory Committee (PAC) which may provide input for the duration of an annual budget period by reviewing and commenting on project activities and recommending strategies for accomplishing certain project goals and outcomes. PACs may review and comment on drafts of materials, reports, publications and other items produced for dissemination by the project. The PAC's goal is to help the project produce outcomes that are consistent with the RFP goals and that meet the highest professional standards.

Membership and Selection Process

If a grantee chooses to convene a PAC, the membership must be submitted to TCDD grants management staff for documentation. Include background information of each individual member as well as their organizational affiliation or category of appointment.

- Membership is recommended to include a minimum of 8 and maximum of 12 individuals. No less than 5 members should be considered for a PAC.
- Members should be selected who will be able to offer support to the project because of their areas of expertise or responsibility. PAC members may include individuals who are able to engage in policy planning and implementation on behalf of the organization they represent at a local, regional or state level.
- Membership may include representation from:
 - self-advocates and family members,
 - experts in the field of service addressed by the project,
 - key cooperating agencies,
 - appropriate licensing/standards entities,
 - potential funding sources,
 - individuals who represent diverse areas of the community (i.e., faith-based communities, other cultures, leaders in other industries and disciplines, etc.), and
 - individuals that represent of the demographics, race and ethnicity of the project area.
- Membership lists should be sent to TCDD grants staff. TCDD should be notified about any changes in membership. TCDD must have documentation of membership for reimbursement and match calculations.
- The grantee must immediately forward to TCDD, with staff comments, any major PAC recommendations for changes in the work plan. TCDD and project staff will jointly determine appropriate action.

- Grantees are encouraged to collaborate with other grantees through informal networking, memoranda of understanding, consultation, contracts, etc.; however, current grantees from other TCDD funded projects are not recommended to serve as official members of a PAC.

Additional Exclusions to PAC Membership

- Current Council members may not serve as PAC members;
- Board members or individuals from existing committees that advise the grantee organization should not serve as PAC members.
- Individuals who are on the PAC should not present at a formal grant training activity for that specific grant;
- Individuals are discouraged from serving on more than one PAC from a TCDD project
- Any individual who might experience personal financial gain from the grant is prohibited from serving on the PAC (e.g., contractual agreements; conflict of interest);
- Family members and adult child should not serve on the same PAC;

Meeting Procedures

- Meetings are recommended to be held at least twice a year for the duration of the project budget period. Additional meetings would be scheduled at the discretion of the grantee.
 - Meetings may be convened via teleconference or videoconference after the initial meeting but is recommended to be held in person a minimum of once per year.
 - Meeting notices, agendas and materials should be sent to all committee members and to TCDD staff at least one week before the meeting date.
 - Meetings should have a quorum present to discuss the agenda items. TCDD defines quorum as simple majority, 51% of the selected PAC members in attendance at each meeting.
- Grantees shall maintain copies of PAC committee meeting minutes or summary reports, and these reports should include:
 - members attending,
 - update of actions taken based on recommendations from a previous meeting,
 - major discussion points, and
 - committee recommendations for future actions.

Committee Expenses

Expense reimbursement to PAC members may be budgeted and paid by the grantee. The budget for committee travel must be based on the membership list provided to TCDD. Any changes to PAC membership should be documented with TCDD. Travel reimbursement is limited to state travel rates

for the current fiscal year, which can be found at the State Comptroller's travel rates of reimbursement.

The value of time and effort of PAC members in their roles as advisors to the grantee may be budgeted as project match. The value may be prorated at an amount of \$25 per hour, \$75 for a half day meeting and \$150 for a full day meeting per person. Such efforts may be reported as match if it has been approved in the project budget, and attendance at PAC meetings must be documented as described above and per direction of the Grants Management Team. The Committee Meeting Log or the Donated Services Time Sheet will assist with this procedure.

Administrative Requirements

Grantee agrees to administer the project in accordance with federal, state and TCDD regulations and policies in effect at the time of award. The grantee is accountable for fiscal and programmatic management of the grant, and for completion of any special conditions prescribed for the conduct of the project.

Special grant conditions may be imposed if TCDD determines that the grantee may:

- have a history of poor performance, or
- have a management system that does not meet the standards outlined in these guidelines.

Key Project Personnel

Key project personnel shall receive training concerning TCDD procedures and guidelines. Grantees shall report to TCDD immediately in writing any changes in project personnel. Notification of changes shall include a Personnel Revision form. If salaries change, please submit a revised budget-specifically Part IV A. Budget Detail.1. Personnel Services. Grantee shall schedule training sessions for new key personnel with TCDD staff as needed.

Financial Administration Authority

Grantee will designate a financial administration authority (FAA) to request, receive, and manage grant funds. There shall also be an alternate FAA to function in the absence of the FAA. The FAA is designed in the original project proposal application (See Application Packet Supplemental Forms). The FAA cannot be the project director.

Personnel Expenses

Grantees must:

- submit for approval, any changes in personnel whose compensable efforts are
 - funded by the grant, or
 - used to meet match obligations.
- maintain Personnel Activity Reports (PAR) for all staff whose activities are
 - funded in whole or in part by the grant, or

- used to meet match obligations' and

PAR information must correspond to the Position Description of program-related duties/activities and percentage of time devoted to the program. Each PAR must account for the total grant related and non-grant related activity for which the employee is paid.

PAR information must be:

- traceable to the grantee's payroll accounting records to verify salary and fringe benefits expenditures, and
- auditable.

PARs must be completed at least monthly and may cover one or more pay periods. Under the Department of Labor and Fair Labor Standards, the grantee must document hours worked each day by non-professional or nonexempt personnel.

TCDD requires professorial and non-professional staff employed by universities to complete a PAR each academic term, but not less than once every six months.

Grantee must have obtained written prior approval by TCDD for any alternative methods of documentation.

Employment Practices

Grantees are required by law to avoid discrimination (P.L. 88-352, Title VI, Civil Rights Act of 1964, as amended) and to take affirmative action (Rehabilitation Act of 1973, as amended) in the employment and advancement of individuals with disabilities.

Changes in Location

Grantee agrees to notify TCDD in writing of any proposed change in physical location for work performed under this grant at least thirty days in advance of change (see – ADA Accessibility Facility Checklist).

Assignments

Grantee shall not transfer, pledge, or otherwise assign this grant or any interest therein, or any claim arising thereunder, to any party or parties, bank, trust company, or other financial institution.

Severability of Provisions

Any provision of a grant that is held to be invalid, illegal, or unenforceable, shall not affect the remainder of the project.

Reauthorization and Continuation of Grant Funding

Although TCDD grants are frequently awarded for “up to” several years, funding from TCDD to a grantee for continuation from one year to the next is not automatic. Continuation funding is based on, but not limited to:

- successful completion of initial and/or prior year activities,
- compliance with rules and regulations as defined in the grants manual and
- fulfillment of the requirements and outcome measures as defined in the RFP.

Grants will not be extended beyond the initial award period without the Council reauthorizing the grant.

Non-Waiver of Performance

In no event shall any payment to the grantee, or any other act or failure of TCDD to insist in any one or more instances upon the terms and conditions of this grant, constitute or be construed in any way to be a waiver by TCDD for any breach of covenant or default which may then or subsequently be committed by the grantee. Neither must such payment, act, or omission in any manner impair or prejudice any right, power, privilege, or remedy available to TCDD to enforce its rights hereunder, which rights, powers, privileges, or remedies are always specifically preserved. No representative or agent of TCDD may waive the effect of this provision.

Measure of Liability

In consideration of full and satisfactory performance of services by the grantee, TCDD shall make payments to the grantee based on the workplan, subject to the limitations and provisions set forth in this section.

1. It is expressly understood and agreed by the parties that TCDD's obligations under this section are contingent upon the actual receipt of adequate federal funds to meet TCDD's liabilities under this grant. If adequate funds are not available to make payments under this grant, the TCDD will notify the grantee in writing at the earliest date possible after such fact has been determined. TCDD may, at its option, either reduce the amount of its liability or terminate the grant and must negotiate with each grantee individually for a final determination. TCDD must not be liable for further payments due to the grantee under the grant.
2. It is expressly understood that this grant in no way obligates the General Fund or any other monies or credits of the State of Texas.
3. TCDD shall not be liable for any cost or portion thereof which has been paid, reimbursed, or is subject to payment or reimbursement, from any other source.
4. TCDD shall not be liable to the grantee for costs incurred which are not in strict accordance with the terms of the grant.

5. TCDD should not be obligated or liable under the grant to any party other than the grantee for payment of any monies or for provision of any goods or services.

Hold Harmless/Indemnification

It is expressly understood and agreed by both parties that TCDD is contracting with the grantee as an independent contractor and that as such, the grantee must indemnify, save, and hold the designated state agency and its employees, TCDD, and the State of Texas harmless from all liability of any nature, including costs and expenses for, or on account of, any claims, audit exceptions, demands, suits, or damages of any character whatsoever resulting from injuries or damages sustained by the persons or property, resulting in whole or in part from the performance or omission, including gross negligence, of any employee, agent, or representative of the grantee.

Excess Payments

If TCDD reasonably determines that TCDD is due a refund of money paid to the grantee pursuant to a grant, the grantee must pay the money due to TCDD within 30 days of the grantee's receipt of written notice that such money is due to TCDD. If the grantee fails to make timely payment, TCDD may obtain such money from the grantee by any means permitted by law, including, but not limited to, set off and counterclaim against any money otherwise due to the grantee by TCDD.

Ownership of Property

Equipment and supplies purchased with grant funds paid by TCDD shall be recorded by grantees and will be designated as the property of TCDD per federal guidelines.

The grantee must follow and abide by the federal standards for property management however, that the words "recipient" and "grantee" as used in such Regulations shall mean TCDD in every instance in which they are used in connection with title to, use, and disposition of all property.

Unexpended Funds

Grantees are monitored to determine the rate of accurately projected expenditures. TCDD reserves the right to re-appropriate or recapture unexpended funds. The use of grant funds is restricted to expenditures that address the approved work plan, especially activity timelines and budget as approved by the Notice of Grant Award.

Insurance

The grantee must observe sound business practices with respect to providing such bonding and insurance as would provide adequate coverage for projects under this grant.

Actual losses not covered by insurance as required by this section are not allowable costs under this grant.

Maintenance of Effort

The grantee's accounting system must document that federal grant funds are used to support the scope of activities that were already being supported by the grantee from resources that existed before receipt of the grant consistent with Generally Accepted Accounting Principles.

Americans with Disabilities Act (ADA)

Among other provisions, ADA requires state and local government entities to comply with ADA provisions in both their direct services and their contracted or granted activities. TCDD grantees therefore share compliance responsibilities either on their own or through the grant relationship.

Record and Retention Access

Grantee must retain for three years all records pertaining to a grant supported project. The retention period begins on the date grantee submits to TCDD final financial and program reports for the final budget period. However, all records must be maintained for the entire project period.

However, if any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the three-year period, the records must be retained until completion of the action and resolution of all issues arising from it, or until the end of the three-year period, whichever is later.

Program Reports

Grantees are required to provide periodic and final reports and maintain documentation onsite to show that project activities have been performed according to the workplan and meeting the intent of the RFP. The following reports are required during each grant budget period:

Quarterly Program Performance Reports and Interim Reports

- **Quarterly Program Performance Report (QPPR)** is
 - required for each quarter of the budget period,
 - due 15 days after the reported quarter.

- The QPPR includes:
 - a comparison of accomplishments to goals for the budget period,
 - a status review of all project activities,
 - significant accomplishments and lessons learned
 - efforts to achieve sustainability,
 - all performance measures and project outcomes, and
 - a plan for corrective actions to resolve barriers and concerns.

- Use the **Personnel Revision Form** and **Program Revision Form** to request approval of any changes in personnel, activities or timelines during the budget period.
- If a **Program Revision or Change of Budget Period** has been approved, the project shall continue to report on the quarterly schedule and shall submit a supplementary performance report within 15 days after the budget extension period concludes.

Depending on the project, **Interim Project Reports** may be required. If needed, the due dates are negotiated during the development of the yearly budget and workplan.

Final Reports of the Project

Project reports help TCDD influence and strengthen services to persons with disabilities. This report is received and reviewed by the Council and the findings and recommendations figure importantly in determining future state plan activities. A Final Project Report is required from all grantees in their last year of funding and is due no later than 60 days after the end of the project. Final Project Report shall include but is not limited to:

- a summary of project goals and objectives met,
- list and explanation of goals and objectives that were not met and lessons learned
- review of project impact,
- additional outcomes and approved costs exceeding the original budget,
- sustainability (as defined in the application packet), and
- any recommendations to TCDD for future projects.

The grantee is also required to provide the following forms 60 days following the end of the project period.

- Final Report of Expenditure
- Final Equipment Purchase List
- Grant Related Income Report as needed.

TCDD reserves the right to contact grantees up to five years after the completion of the project period to ask about sustainable activities. Sustainability may be achieved by continued funding from sources other than TCDD or incorporating activities into other programs. TCDD also learns from efforts of projects that struggle unsuccessfully to find resources to continue project activities. Although the success of TCDD funded projects is not determined by the continuation of project activities alone, TCDD will track outcomes which will enhance future state plan implementation.

Program Revision

Grantees may request revision of the project objectives and activities during the budget period. However, TCDD does not approve revisions that alter the purpose for which the project was funded.

If a revision has been made and approved, the Grantee must report on those activities in subsequent Quarterly Program Performance Reports. Budget period revisions may also impact the Continuation application schedule.

Remedial Actions - Grantee Performance

Remedial actions, either temporary or permanent, may be taken by TCDD when it is determined that the grantee has not complied with the terms or the intent of the Request for Proposal (RFP). TCDD will inform the grantee by letter if a condition exists that could result in payment withholding, suspension, or termination of the grant.

Payment Withhold of Grant Funding

The Executive Director may grant a payment withhold of grant funding for a grant project prior to the end of the grant budget period pending the result of corrective measures if a grantee fails to comply with the terms of the grant, after consulting with the Council Chair. The Executive Committee shall be notified of any payment withhold.

TCDD shall provide written notice to the grantee of the proposed payment withhold of grant funding at least 10 business days prior to any withheld payments. The notice shall state the reasons for the payment withhold of funding and the procedure for requesting reconsideration.

If report(s) and/or documentation are not received, a second written notice will be provided, and the grantee will have 10 business days to respond and comply. If the grant is not corrected, TCDD will implement an immediate hold on all payments to the grantee pending receipt of any late report(s) or documentation.

Payment withhold will remain in effect until the grantee has taken corrective action, given an assurance approved by the Executive Director that the corrective action will be taken, or the grant is suspended.

When requested reports and/or documentation is received from a project after a payment hold has been initiated, TCDD will rescind the payment withhold and process any outstanding payment requests, except that payments will be restored in full for only the past 60 calendar days.

Reimbursements for any period of a payment withheld for more than 60 calendar days may be partially restored in the following manner:

- Payments for the period from 60 – 90 calendar days will be restored at 90% of the requested amount.
- Payments for the period from 90 – 120 calendar days will be restored at 50% of the requested amount.
- Payments for the period longer than 120 calendar days past will not be restored.

A Notice of Grant Award for any project that is more than 60 calendar days late in submitting required reports and/or documentation will be prepared with a payment hold in place until all reports

are received. The same schedule for reducing the amount of payments restored as noted above will apply.

Any reports required from the prior budget period will cause the subsequent award to be subject to the same payment withhold process and schedule for partially restoring payments.

In the event that withheld payments are not fully restored, the grantee may appeal to the Executive Director according to the *Council Appeals Procedure*. Any appeal will be considered by the Executive Committee at its next regularly scheduled meeting. Actions of the Executive Committee on such appeals are final.

Suspension

When TCDD notifies the grantee that a condition exists that may result in suspension, the grantee must respond in writing within ten (10) workdays of the date of such notice, and the response must include a plan of correction.

If TCDD does not view the responses as satisfactory, the grantee's authority to obligate grant funds may be suspended. The notice of suspension must:

- be sent by certified mail,
- set the effective date(s) of the suspension, and
- identify any allowable costs which the grantee may incur during the period of suspension.

Suspensions remain in effect until:

- the grantee has submitted a plan of corrections to address those deficiencies or exceptional items noted by TCDD and the grantee provides verification of the implementation of the plan of corrections, or
- the grant is terminated.

TCDD will provide written notification of reinstatement.

Termination

A decision to terminate a grant may be made if corrective actions are not taken during the suspension period, or if the deficiency is serious enough to warrant immediate termination. See appeals procedures in this manual.

A grant or portion thereof, may also be terminated at the grantee's request.

TCDD shall provide the grantee:

- a written termination notice, and
- written instructions for termination or closeout procedures.

A termination may occur under the following conditions:

- cause;
 - when grantee does not comply with standards set forth in this Grants Manual,
 - after suspension has failed to correct a problem;
 - if it is determined that TCDD's interest is not adequately protected. With cause, a grant may be terminated without notice of suspension.
- mutual agreement;
 - when parties agree upon the conditions, including the effective date, and, in the case of partial termination, the portion to be terminated, and
 - the agreement is in writing, signed by the authorizing official of the grantee and by the TCDD Executive Director;
- termination by the grantee, when grantee's authorized official gives written notification to TCDD setting forth the
 - reasons for the termination,
 - the effective date, and
 - in the case of partial termination, the portion to be terminated.

In the case of a partial termination, TCDD may end the grant entirely if the remaining portion will not accomplish the purpose for which the grant was made.

Termination Procedures

- The grantee will incur no new obligations for the terminated portion of the grant after the effective date and cancel outstanding obligations.
- TCDD must assume the federal share of any obligations which cannot be canceled.
- Within 30 workdays after the effective date of termination, the grantee shall furnish:
 - A Final Report of Expenditures
 - A Final Program Project Report, and
 - A Final Equipment Purchase List
- The grantee must refund any amount for which they are not entitled within 30 days of the request for such refund.

Denial of Refunding or Continuation

TCDD may decide to deny refunding of a grant or a portion of a grant beyond the current budget period if:

- adequate federal funds are not available to support the project,
- the recipient has not complied with the terms and conditions of the award,
- the grantee's program performance is unsatisfactory,
- TCDD's interest is not adequately protected, or
- TCDD has changed its funding priorities.

TCDD may deny refunding by allowing the grant to expire at the end of the current budget period. In most instances, TCDD will provide a notice of at least 30 days. The grantee may appeal that action (see Council Appeals Procedures).

Appeal & Reconsideration Procedures

Appeals may be submitted from applicants for grants who did not receive funding or from grantees whose payments have been withheld or whose grants have not been awarded continuation funding.

When a grantee requests a review under the grants appeal process:

- no grant closeout action will be taken during the review until a final determination is made, but
- submitting the appeal or a request for reconsideration does not affect TCDD's authority to suspend the further grant expenditures during the proceedings.

TCDD shall resolve, with fairness and promptness all appeals and requests for reconsideration from applicants for grants:

- who did not receive initial funding or were denied continuation funding, or
- whose payments are withheld or whose grants have been suspended.

TCDD Appeals of Funding Decisions

- A. Appeals may be submitted from applicants for grants who did not receive funding or from grantees whose grants have not been awarded continuation funding. The person or entity appealing shall be known as the appellant. An appeal is not an opportunity for an applicant to provide additional information that could have been included in the original proposal. To do so would create a two-stage review process that is not part of the Council's current policies.
- B. Appeals of funding decisions shall be received, processed, and resolved with fairness and promptness.
- C. The appellant shall file an appeal in writing addressed to the Executive Director. The written appeal must be postmarked within 10 workdays of the date of the written notice of suspension or within 15 workdays of the date of written notice of denial or of continuation funding. The written appeal shall include all relevant facts and information that the appellant wishes to have

considered as well as the proposed remedy being sought. The Executive Director will acknowledge receipt of the letter with a copy to the Executive Committee.

- D. The Executive Director will investigate, compile, and study all relevant information about the appeal and, within 30 workdays of the receipt of the appellant's letter and submit a written report to the Executive Committee. The report will contain recommended action and the evidence supporting the recommended action. The report may not include an evaluation of additional information provided by the appellant when such information could have been included in the original proposal.
- E. The Executive Committee may approve the recommendations of the executive director, make such modifications as deemed appropriate, order further investigation, or take other appropriate action.
- F. The decision of the Executive Committee is final.
- G. Council staff shall notify the appellant of the final determination of the appeal.

Complaints about Activities of the Council or Grantees

- A. An individual who is not satisfied with a decision, procedure or service received from the staff of the Texas Council for Developmental Disabilities may file a complaint with the Executive Director in accordance with this procedure.
- B. An individual who is not satisfied with a decision, procedure or service received from a grant project funded by the Council may also file a complaint in accordance with this procedure. Such complaints will be investigated only after the complainant has attempted to resolve the matter directly with staff or the grant project.
- C. A complaint must be submitted within 21 days after the person knows or should have known the matter which is the subject of the complaint.
- D. A complaint may be submitted by mail, fax, or e-mail to:
 - Executive Director
 - Texas Council for Developmental Disabilities
 - 6201 E. Oltorf, Suite 600
 - Austin, Texas 78741
 - Fax: (512) 437-5434
 - E-mail: tcdd@tcdd.Texas.Gov
- E. A complaint must contain the following:
 - (a) A description of the complainant's interest in the matter.
 - (b) The issue(s) to be resolved and the remedy(s) requested.
 - (c) The complainant's rationale supporting the complaint, including any relevant facts and applicable law, rule or other legal authority.

- (d) The complainant's affirmation that the facts set forth in the complaint are true.
- F. The Executive Director shall conduct an investigation of each complaint, or assign staff for such investigations, and prepare a summary of findings, recommendations and final disposition. A copy of that summary shall be provided to the complainant and each person who was a subject of the complaint. All complaints shall be resolved in an expeditious manner.
- G. The Chair of the Council shall coordinate any investigation if the subject of the complaint includes the Executive Director or a Council member.
- H. The decision of the Executive Director, or Chair when coordinated in that manner, shall be final.
- I. Complaints about Funding Decisions. Complaints about funding decisions concerning Council funded projects will be processed in accordance with the Council's Grants Appeals process outlined in Title 40, Part 21, Chapter 877.
- J. Complaint Procedures
 - (a) The Executive Director shall maintain a file on each written complaint filed with the Council. The file must include:
 1. The name of the person who filed the complaint.
 2. The date the complaint was received by the Council.
 3. The subject matter of the complaint.
 4. The name of each person contacted in relation to the complaint.
 5. A summary of the results of the review or investigation of the complaint.
 6. An explanation of the reason the file was closed, if the Council closes the file without taking action other than to investigate the complaint.
- K. Upon receipt of a complaint conforming to the requirements above, the Executive Director shall acknowledge receipt in writing to the complainant within 10 workdays of receipt and provide the complainant with a copy of the Council's policies and procedures concerning complaint investigation and resolution.
- L. The Executive Director shall also provide notice of the complaint and a copy of the Council's policies and procedures concerning complaint investigation and resolution to each person who is a subject of the complaint unless such notice would jeopardize the investigation of the complaint.
- M. The Executive Director shall notify the complainant and each person who is a subject of the complaint at least quarterly of the status of the investigation until final disposition of the complaint.
- N. The Executive Committee of the Council shall be updated at least quarterly of the status of all complaints until they are resolved.
- O. All complaints will be reviewed and investigated in a confidential manner.

Chapter 4 - Financial Regulations

Cost Principles

The Standards for Financial and Program Management and State Uniform Administrative Requirements for Grants and Cooperative Agreements provides principles to be applied in establishing allowability or unallowability of certain items of cost. These principles apply whether a cost is treated as direct or indirect. A cost is allowable for Federal or state reimbursement only to the extent it conforms to the general policies and principles stated in Attachment “A” of UGMS, Section 2. Failure to mention or list a particular item of cost in these sections is not intended to imply that it is either allowable or unallowable; rather, determination of allowability in each case should be based on the treatment or standards provided for similar or related items of cost.

General Cost Principles

Applicable cost principles, TCDD regulations, and specific terms of the award determine the allowability of expenditures. In addition to the specific allowability of the expenditure, the cost must be:

- reasonable (does not exceed what another prudent person would spend under similar circumstances),
- necessary (is required for efficient and effective project operation).

All costs (including cost allocations for administrative time) to be reimbursed by federal funds must be used for the conduct of the project.

Allowable Costs

All project expenses must conform to federal and state regulations for determining allowable project costs. Further information can be found in the Uniform Grants Management Standards.

Factors affecting allowability of costs include prior approval under an approved budget, and must be:

- necessary and reasonable for project administration,
- chargeable to a particular product or service,
- conformable to any limitations or exclusions set forth in applicable cost principles, or in the award as to types or amount of cost items,
- accorded uniform and consistent treatment, whether or not the cost is federally financed,
- in accordance with generally accepted accounting principles,
- not included as a cost, and not used to meet cost sharing or matching requirements of any other federally financed program in either the current or prior period, and
- adequately documented.

Partially Allowable Grant Costs

In budget preparation, it may be necessary to divide the cost of a line item between project and non-project-related sources. Distribution of project costs must be based on allocation methods detailed in the budget.

Lobbying Restrictions

Grant funds provided on behalf of the Texas Council for Developmental Disabilities may not be used for the salary of an individual (staff or contractor) required to register as a lobbyist with the Texas Ethics Commission, nor for lobbying expenses incurred by the grantee organization pursuant to Government Code Chapter 556.

Indirect Costs

Indirect costs are those: (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. The term “indirect costs,” applies to costs of this type originating in the grantee department, as well as those incurred by other departments in supplying goods, services, and facilities. Also reference: Direct and Indirect (F&A) Costs - 2 CFR Part 200 and Title 45 CFR—Part 75).

Indirect cost rates which have been negotiated with the grantee’s federal funding agency (e.g., the Department of Health and Human Services Division of Cost Allocation) can be used to compute allowable indirect costs. If Negotiated Indirect Cost Rates (NICR) is used on a grant, line items covered by the NICR may not be budgeted as additional grant costs.

Indirect costs of up to 10% of all direct federal expenses are allowable for non- federal entities that do not have a negotiated indirect cost rate. This eliminates a potential administrative barrier to receiving and effectively managing financial assistance from TCDD.

Indirect costs above 10% may be allowed by TCDD as match contributions. If the organization reports the use of indirect cost above 10%, organization is required to provide a copy of their negotiated indirect cost rate application from the federal (or state) agency that approved the indirect cost rate.

An extension of a federally approved negotiated indirect cost rate may be approved for one period of up to 4 years.

Match Funds

Each grantee is required to contribute to the cost of the project. This contribution is called "match." Grant match is based on the total program cost and need not be applied on a line-item basis.

If by the end of the approved budget period, a grantee fails to satisfy the minimum match obligation as outlined in the Notice of Grant Award, the grantee must return to the TCDD office the portion of the federal award not properly matched. Reporting match expenditures above the budgeted amount is therefore encouraged.

Formula for calculating match

- For **non-poverty areas:**
(Amount of Federal Funds Received) / 3 = Match required
- For **poverty areas:**
(Amount of Federal Funds Received) / 9 = Match required

Programs located or providing services in poverty areas are only required to provide match of 10% of total program costs with non-federal dollars.

Poverty area status must be verified with TCDD. A county is classified as a poverty area if 20% or greater of the total population is below poverty level. See Poverty Guidelines on TCDD Website.

Management and accounting standards must be kept for the match share, just as for the federal share of grant awards.

Sources for Match

Federal funds must not be used as match. Funds used to match other federal grants may not be used to match TCDD grants.

All match fund sources must be identified in the work plan, and the grantee must maintain documentation of the non-federal share of the funds.

Match funds may be derived from the following sources:

- state and/or local funds;
- cash contributions;
- in-kind contributions, if allowable and properly valued, when
 - identifiable from the grantee's records;
 - properly documented according to the generally accepted accounting principles;
 - not included as match for any other federally assisted program;
 - necessary and reasonable for proper and efficient accomplishment of program objectives;
 - allowable (e.g., new services or the expansion of existing services to serve additional geographic territories).

Valuation of Donated Facilities

To claim a match contribution for donated use of facilities, the grantee must obtain a written opinion of fair rental value:

- from an independent licensed real estate brokerage firm, or
- based on observation, knowledge of, or prior experience with subject property or comparable properties in comparable locations.

- In lieu of reimbursement for grantee – owned facilities (e.g., use allowance), a valuation of space may be used as match.

Documentation and Allocation of Costs

No program cost is allowable without documentation. Acceptable kinds of documentation are:

- written,
- independently generated or verifiable by a disinterested third party,
- generated at the point of occurrence of the transaction,
- in support of the amounts reflected on the books, and
- easily retrieved according to a consistent filing method.

Documentation of direct costs, charged to either the federal or match side of the budget, must show relevance and application to the program. Documentation may include:

- invoices,
- sales receipts,
- payroll stubs,
- mileage logs,
- postal or photocopy logs,
- activity reports, and
- contracts.

A cost allocation plan for charging costs to the match share of the budget must show that the costs are traceable through books and records, and that rationales for allocation are based on:

- logic,
- relevance to the program, and
- documentation.

The same is inherent for allotting costs under the Negotiated Indirect Cost Rates (NICR).

Sample Allocation Methods

Typical allocation formulas include:

- salary ratio - the percentage computed by dividing the total grant personnel salaries by the total salaries for the entire organization (large multi-divisional organizations should seek special advice on this matter),
- square foot ratio - the percentage computed by dividing the number of square feet of a building used by the total usable square feet of that building,
- funding ratio - the percentage computed by dividing the amount of funds received from TCDD by the total funding received from either all sources or all similar sources, and

- individuals served ratio - the percentage computed by dividing the number of individuals the project serves by the total number of individuals served.

Other Methods

Additional cost allocation methods are acceptable if applied consistently, and do not produce unjustifiably high results. Allocated costs are reviewed during the work plan negotiation process.

Grant Related Income

Program Income

Grantee must report anticipated program income (e.g., fees, work contracts, sale of grant products, conference registration or training fees, etc.) to TCDD on the Quarterly Grant-Related Income Report.

Program income must be used for program support under alternatives stated in CFR §200.307 Program Income - <http://www.ecfr.gov> and 45 CFR Part 75.307. The alternative selected by the grantee must be approved by TCDD.

Procurement Standards

Procedures for acquiring goods (e.g., equipment and supplies) and services (e.g., consultant contracts) must be established in writing to ensure efficiency, economy, and compliance with federal law.

For small purchases, price or rate quotations must be obtained from an adequate number of qualified sources.

Procurements totaling more than \$15,000, by state and local governments, must conform to federal standards.

Procurement standards for institutions of higher education, hospitals, other nonprofit organizations, and commercial entities appear in Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards Subpart D – Post Federal Award Requirements – Procurement Standards.

Financial Management System

Upon award of TCDD funds, the grantee must apply a financial management system that incorporates generally accepted accounting principles which include but are not limited to:

- Accrual basis accounting that requires costs be recorded when incurred, not when paid, or
- Cash basis accounting that requires sufficient additional records to allow for preparation of financial reports on the accrual basis.

Accounting records must show the exact nature of all expenditures and their relevance to the grant.

Request for Advance or Reimbursement

- The grantee shall report on the Request for Advance or Reimbursement (RAR), all program expenditures of both TCDD and match funds.
- The grantee shall indicate the amount of funds requested as an advance, the amount as a reimbursement, or both.
- Grantees must submit Request for Advance or Reimbursement (RAR) at least quarterly (3 months) or may submit monthly.
- TCDD does not allow advances of more than 30 days operating expenses. The grantee should anticipate 20 days processing time for payment.
- Under an Interagency Contract, reimbursable costs for services performed are paid only by vouchers.

Audit Requirements

Independent Audits

- Federal regulations provide principles to be applied to grantees expending more than \$750,000 per year in federal financial assistance from all sources. A TCDD grantee meeting this criteria must have an annual audit performed by an independent certified public accountant licensed by the Texas State Board of Public Accountancy, for the fiscal years that cover any portion of a grant period.
- Non-federal entities receiving more than \$750,000 from only one funding source may conduct a program-specific audit instead of a single (organization- wide) audit. Those audit costs are allowable as a grant expense.
- Grantees that receive less than \$750,000 from all federal sources are required by TCDD to conduct audit activities (i.e., agreed upon procedures engagements or independent review by a CPA) by an independent auditing firm to determine if appropriate internal controls are in place to minimize risk. The cost of such activities is an allowed expense in the grantee's budget.
- Grants that are less than \$75,000 in federal funds are not subject to an independent audit. However, TCDD reserves the right to require a grantee to be audited based on the grantee's performance by risk assessment.
- State agencies or institutions that are audited by the state auditor may substitute that audit to fulfill this requirement.
- CPA's in Texas that perform reviews or audits are required to undergo a practice-monitoring review (peer review) at least once every 3 years to ensure they have adequate internal quality control systems in place. Governmental Auditing Standards (GAGAS) also requires that the auditor provide their most recent external peer review report along with any letter of comments and corrective action plan to any party with whom they contract for audits, reviews or other engagements. Based on these generally accepted audit requirements, TCDD

requires organizations receiving grants to forward a copy of their auditor's latest peer review report and letter of comments along with their audit, review or engagement.

Audit Submission Dates

The independent audit reports and their respective management letters are due:

- not later than nine months after the end of the grantee's fiscal year(s) for which an audit is performed.
- within nine months of the fiscal year end, grantees receiving more than \$750,000 in total federal financial assistance must submit a copy of their A-133 audit-reporting package to the U. S. Bureau of the Census at the following address:

Federal Audit Clearinghouse, U.S. Bureau of the Census
1201 E. 10th Street
Jeffersonville, Indiana 47132
(812) 288-3541

High Risk Monitoring Designation

TCDD may designate a grantee as "high risk" and attach special monitoring conditions to a grant award if one of the following (but not limited to) conditions exists:

- demonstrated poor performance (i.e., unjustified delays or substandard accomplishment of program objectives, etc.),
- financial instability (i.e., poor debt history, significant cash flow problems, unallowable costs, etc.),
- a management system which fails to meet the standards in federal or TCDD project guidelines, or
- grantee did not conform to conditions of previous awards, or otherwise poses a risk.

Special conditions of a grant award to a high-risk grantee may include:

- making grant payments on a reimbursement basis only,
- requiring additional and more detailed financial reports (i.e., monthly reports, requiring all source documents),
- mandating additional program monitoring (i.e., quarterly Onsite Reviews),
- establishing additional "prior approval" requirements,
- requiring evidence of acceptable performance during a specific funding period prior to proceeding to the next phase of the award,
- requiring the grantee to obtain technical or management assistance, and
- other requirements deemed necessary by TCDD.

TCDD will notify the grantee as early as possible, in writing, of any special conditions required.

Chapter 5 – Budget Guidelines

Budget Period Obligation

The standard grant budget period is one year. Other periods may be negotiated based on requirements of TCDD or of the grantee.

Funds granted for a project may be used only as described in the approved budget work plan, and within the budget period as awarded.

Any change to the project workplan or budget period must have the prior written approval of TCDD.

Budget Revision

A budget revision must be approved by TCDD prior to making any expenditures under the proposed revision. Complete the Budget Revision Form for this purpose. All revisions must be approved before the end of the budget period.

The grantee shall make a budget revision when:

- a line item cost is requested that had not been previously approved, or
- proposed expenditures are for items that explicitly require prior written TCDD approval, such as insurance costs or capital equipment purchases
- A revision is required when the total amount of the funds being transferred between categories in the approved budget is expected to exceed:
 - 10% of the total budget for State or local governments;
 - 5% percent of the total budget for institutions of higher education, nonprofit, and for-profit organizations.

If funds expended exceed original budgeted amount in a category, the budget change must be explained on the Request for Advance or Reimbursement (RAR).

Grantees must notify TCDD staff, in writing, of any change desired prior to making those changes. Also, all expenditures must be justified as reasonable and necessary and for the specific benefit of the project.

All reports submitted after a Budget Revision Form is approved must contain the latest approved budget. When rebudgeting line items, be sure to keep the budget totals TCDD and match of the award unchanged.

Budget revisions will not be approved after the budget period ends.

Change of Budget Period

A Change of Budget Period Form can be submitted for TCDD approval to extend the budget period to allow expenditure of interim savings.

Grantee must closely monitor expenditures in the final months, or the extension, of a budget period so that all funds awarded can be approved and used.

Continuation Funding

Although TCDD grants are frequently awarded for “up to” several years, funding from TCDD to a grantee for continuation from one year to the next is not automatic. Grants will not be extended beyond the one-year budget period without the Council reauthorizing the grant.

Continuation funding will depend upon but not limited to:

- The availability of federal funds;
- Demonstration of accomplishments and progress toward goals, objectives and activities outlined in the workplan;
- Progress towards achieving the intent of the proposal (RFP);
- Compliance with TCDD’s assurances, policies and procedures;
- Proposal of a work plan for each subsequent year of the project;
- Approval of all continuation funding requests is determined by the Council.

Fiscal Reporting Requirements

The following reports are required by each grantee:

- Request for Advance or Reimbursement,
- Quarterly Grant Related Income Report,
- Final Report of Expenditures,
- Equipment Inventory List, and
- Independent Audit Report.

Allowable Costs

Personnel

The personnel section of the proposed budget should show each position by job title, the number of hours per week that each person will work on the project and each position’s hourly rate of pay.

- Fringe benefits are to be shown as a separate line item in the personnel category.
- Salary and wages for a position should be distributed between the federal and local match (if applicable) and written separately.

Travel

Only reasonable and necessary travel expenses relating to the project's objectives, are allowable. Current State of Texas travel rates apply to mileage, lodging and meals for all travel by grantee staff and contractors unless an exception has been approved by TCDD. The Project Director assures that supporting documentation is maintained and travel is approved consistent with grantee's policy.

- Local - Grantee must document in project travel files the project relevancy of local travel.
- In-State Travel - In-state travel outside the local/regional service area also must relate to project objectives. Costs incurred either before or after the budget period are allowable only with prior written approval from TCDD. (See the in-state travel rates)
- Out-of-State Travel
 - All out-of-state travel requires prior TCDD approval:
 - in the workplan Budget Detail and Justification, or
 - by memo.
 - The request for prior approval must state:
 - how, where, when, individuals will travel,
 - breakdown of the amount requested, and
 - which objective(s) the travel will serve.

Purchased Services

Purchased services would be costs that include essential services that cannot be met by the grantee. Those costs may include but are not limited to:

- Consultant contracts;
- Project advisory committee travel;
- Maintenance agreements;
- Audit services;
- Personal Assistance Services;
- Job coaches;
- Volunteer services;
- Printing, etc.

Equipment, Supplies and Property Inventory

Grantees must maintain a property inventory and do periodic reviews of property records. An Equipment Inventory List must be submitted to TCDD. If property is no longer used in program-related activities, grantee must contact TCDD for disposition instructions. TCDD may require

transfer or return of equipment (including title) upon termination of project support, or when the equipment is no longer needed for program-related activities per federal guidelines.

Rental and Leasing

Rental and leasing are costs that include but are not limited to:

- Office space;
- Meeting and conference space;
- Media/AV equipment;
- Telephone equipment;
- Copy machines; and
- Computers.

Utilities

Utilities are direct costs for grant operations that include but are not limited to:

- Water;
- Gas;
- Telephone bills; and
- Electricity.

Contracts and Agreements

Contracts/agreements must:

- be executed and approved by TCDD;
- cover specific activities in a grantee's work plan;
- include measurable outcomes consistent with the work plan;
- include travel expenses; Travel cannot exceed current state rates
- allow for any exceptions for consultant/professional services lodging expense if the policy as stated in the State Travel guidelines for lodging expense is followed.

Grantees shall:

- review sample agreement to assure that all required elements are included in the contract;
- report the accomplishment of contractors and consultants in their quarterly report to TCDD.
- write contracts and agreements so that activities and outcomes may be timely reported.

Purchasing of Service from TCDD Grantees or Developmental Disability (DD Act) Network Agencies

Grantees are prohibited from contracting for service (i.e., speakers, consultants, etc.) with other TCDD grantee staff who are paid from TCDD funds or whose time and effort are recorded as match on the grant. The grant staff may be reimbursed for travel expenses only.

Grantees are restricted from contracting for service with key staff at TCDD DD Network Partners, i.e., Disability Rights Texas (the state protection and advocacy organization), Center for Disability Studies at the University of Texas and the Center for Disability and Development at Texas A & M University, however, staff travel may be reimbursed if it is determined that funds are unavailable from the respective organization. Any exception to these procedures must be approved by TCDD in advance.

Photocopying and Postage

Grantee must create a system for documenting project-related postage and photocopying costs. The costs must be traceable from grantee's accounting records. The system may include:

- postage/photocopy logs which describe specific use and cost
- other approved allocation methods (e.g., an allocated portion of copier lease and copier supply costs).

Additional Cost Categories Requiring TCDD Approval

The cost categories listed below require that the grantee formally submit their request in writing, and receive approval from TCDD, before incurring the cost or contracting for the service.

- Advertising: radio, TV, and printed matter for public information, or recruitment of project staff.
- Computer equipment (purchase or lease): PCs, printers, keyboards, terminals, etc.
- Furniture & equipment (capitalized): purchase or lease of furnishings and equipment which cost over \$1,000.

In-state travel costs incurred either before or after the budget period are allowable only with prior written approval from TCDD.