

Summary of Laws and Procedures Pertaining to Depository Contracts for Funds of Open-Enrollment Charter Schools

(Prepared by the Texas Education Agency)

A. Depository Contract

The Texas Education Agency (TEA) may deposit state funds for a charter holder only into a bank with which the charter holder has entered into a depository contract (19 TAC §100.1043(b)).

By **December 1** of each year, a Charter Holder or Charter School (you) must submit to the Texas Education Agency (TEA), Division of Financial Compliance:

- a completed and signed **Depository Contract for Funds of Open-Enrollment Charter Schools** (see also section B below) or
- a **signed statement** that there have been no changes to the depository contract since your last filing.

We recommend that you submit the Depository Contract for Open-Enrollment Charter Schools form since it includes the information needed to verify compliance with 19 TAC §100.1043. You can find the form on the TEA website through the following path: Finance and Grants, Financial Compliance, Depository Contracts, Charter Schools. However a contract form mandated by the State Board of Education is not required for charter holders.

Please verify that you have completed the following information before submitting your depository contract:

The name of the county the charter holder is located in (upper left corner of the contract)

Article I:

- The name of the depository
- The address, city, and zip code of the depository
- The name of the county the depository is located in
- The name of the charter holder and its corresponding federal employer identification number (EIN)
- The name of the charter school and its corresponding county-district number
- The name of the county the school is located in

Article II:

- The type of account (check **one** box); the bank routing number; and the account number (this information must agree with the vendor Direct Deposit Authorization form, if applicable; see section B below.)
- The date the charter holder agreed to and accepted the depository contract
- The signature from the president of the charter holder board
- The date the bank agreed to and accepted the depository contract
- The printed name of the depository
- The signature from the authorized bank officer and the title of the authorized bank officer

Acknowledgment:

- The name of the county
- The printed name of the authorized bank officer

- The date the notary witnessed the bank officer's signature (this must correspond with the date the bank officer signed the depository contract)
- The signature of the notary
- The notary's seal, which should include the expiration date of the notary

B. Vendor Direct Deposit Authorization (VDDA)

You must complete, sign, and submit a **vendor Direct Deposit Authorization (VDDA)** along with your depository contract or to notify us of any changes to your school's current direct deposit account information. Send the VDDA form, along with the depository contract form if applicable, to the Division of Financial Compliance. You can find the VDDA form and the specific VDDA instructions for charter schools on the TEA website through the following path: Finance and Grants, Financial Compliance, Depository Contracts for Charter Schools.

C. Related Statutes and Rules

For additional information regarding depository contracts, you may refer to the following laws and rules:

- Texas Education Code, §12.107, Status and Use of Funds
- 19 TAC §100.1043, Status and Use of State Funds; Depository Contract
- 19 TAC §100.101(d), relating to filing date
- *Financial Accountability System Resource Guide*, Module 10, Special Supplement—Charter Schools

D. Legislative Updates

These guidelines do not include any changes in the procedures that may be necessary as a result of legislative acts that may be passed during a current session.

E. Submission Instructions

Submit the **depository contract form** and **VDDA**, or **signed statement**, electronically through the Texas Education Agency Secure Environment (TEASE) Audit Application.

F. Contact Information

If you have any questions or comments, please contact Gayle Escobedo in the Division of Financial Compliance at (512) 475-2372 or by email: iona.escobedo@tea.state.tx.us.