

## **Payment Requests Requiring Manual Approval**

In order to comply with the Education Department General Administrative Regulations (EDGAR), the Texas Education Agency (TEA) monitors payment requests through a manual review and approval process. If a payment request requires manual approval, TEA staff contacts the grantee and asks for a narrative justification for the request. Based on the narrative justification provided, TEA staff may approve the payment request; request additional supporting documentation; or refer the payment request to the Division of Federal Program Compliance for an expedited review, including but not limited to the general ledger, payroll ledger, and copies of payroll checks, invoices, receipts, and travel vouchers.

### **What causes a manual approval to be required?**

In general, the payment request exceeds predefined thresholds or other criteria. "Threshold" means the percentage of the total grant award that a grantee can request for cost reimbursement without manual review and approval. The payment threshold is now set at 20% of the total grant award per month for all discretionary and formula grants, with the percentage aggregating each month.

In addition to thresholds, TEA employs various other criteria to identify payment requests that require manual review and approval. These criteria, such as verifying actual reimbursement of costs or that intended beneficiaries are receiving services within the grant period, are intended to ensure the grantee is spending grant funds in accordance with the approved application.

### **Why do grants have thresholds and other criteria, and what happens if a payment request exceeds the established threshold?**

Payment thresholds and criteria allow TEA staff to monitor the expenditure of funds for grant awards and for the program in general. Thresholds allow TEA staff to monitor payment requests in order to determine if a grantee is expending funds at a rate that is consistent with the approved grant application.

If the expenditure payment request exceeds the established threshold or other criteria, the request will require manual review and approval. In most cases, TEA staff will require an explanation of the payment request through a narrative justification.

### **When is a narrative justification required? What should be included in the narrative justification?**

A narrative justification is a brief detailed explanation of the expenditures being requested for payment. A narrative justification is required when the established threshold and/or additional monitoring criteria are exceeded.

The narrative justification should include a detailed explanation, with the understanding that TEA may ask for additional information depending on the specific expenditure payment request.

In addition, upon request, the grantee must provide the following information for expenditures in the respective class/object code:

- **6100**
  - Name of employees associated with the expenditure
  - Description of the service provided to the grant program
  - Breakdown of the payment request amount into amount for salary and amount for benefits
  - Dates of payroll period related to expenditure request

- **6200**
  - Name of vendor(s)
  - Amount paid to each vendor
  - Description of services provided
  - Dates of services
- **6300**
  - Description of item and how it was used to benefit the program
- **6400**
  - Description of item and how it was used to benefit the program

**What happens if a grantee fails to respond to requests for information related to a payment request?**

If a grantee does not respond to TEA’s request for information, this information will be used in the determination of “high risk” status and may increase the grantee’s selection for further review by TEA.

**Will the threshold be exceeded if a grantee does not submit its first request for payment until after three months of the grant have passed?**

The expenditure payment threshold is set at 20% per month and aggregates every month. If the grantee is submitting its first expenditure request three months into the grant, the threshold will not be exceeded if the amount requested is equal to or less than 60% of the total approved budget. The request for payment will be automatically approved unless other monitoring criteria are exceeded by the request.

**How long does it take for TEA staff to manually approve a payment request?**

Once TEA receives the requested information from the grantee in approvable form, the expenditure request is reviewed and approved within three business days.

**Who should grantees contact if they have questions?**

Call the Cash Management/Fund Control Unit of the Division of Grants Administration at (512) 463-8525 with questions related to expenditure reporting, including thresholds.